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USAID PROGRAM FOR THE MANAGEMENT OF AQUATIC RESOURCES AND ECONOMIC ALTERNATIVES

DELIVERABLE NO. 5(B): TOURISM TOOLKIT – OPERATIONS AND MANAGEMENT

22 December 2011

This publication was produced for review by the United States Agency for International Development. It was prepared by Solimar International.

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DELIVERABLE NO. 5(B): TOURISM TOOLKIT – OPERATIONS AND MANAGEMENT

Contract No. EPP-I-00-04-00020-00-SOL

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Submitted To: Chemonics International

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Acronyms

ABA	American Bankers Association
AVG	Average
B&B	Bed & Breakfast
CRM	Customer Relationship Management
CV	Curriculum Vitae
DMO	Destination Management Organization
FAM	Familiarization (trip)
FIT	Free and Independent Traveler
GPS	Global Positioning System
GSTA	Global Sustainable Tourism Alliance
MS	Microsoft
NGO	Non-Governmental Organization
PC	Peace Corps
PPT	PowerPoint
SMART	Specific, Measurable, Attainable, Relevant and Time-bound
SME	Small and Medium Enterprise
SWIFT	Society for Worldwide Interbank Financial Telecommunication
SWOT	Strengths, Weaknesses, Opportunities, Threats
TBD	To Be Determined
TIES	The International Ecotourism Society
UN	United Nations
UNWTO	United Nations World Tourism Organization
URL	Uniform Resource Locator
USAID	United States Agency for International Development
USD	United States Dollar
VAT (IVA)	Value Added Tax
VHF	Very High Frequency

Preface

In the world of international development…countless manuals have been created that document some aspect of assessing, envisioning and planning for sustainable tourism development. Although well written and informative, many of these manuals take a more theoretical approach and focus on the initial phases of development while neglecting the day-to-day operations of running a small business.

We set out to create something different with the development of the four sustainable tourism toolkits that are a part of this series. The goals were simple. First, to capture lessons learned from years of *on-the-ground experience in developing tourism enterprises.* And second, to never lose focus on creating *practical, relevant, and user-friendly* tools that help ambitious entrepreneurs – particularly in developing countries - understand and complete the steps of growing small and medium-sized tourism enterprises that not only generate jobs and income but also support biodiversity conservation and cultural preservation in the places they exist.

Over the course of the last two decades, the teams that have contributed to the creation of these toolkits have amassed a wealth of experience and knowledge that we've attempted to capture in these toolkits. The successful endeavors are great…but most sustainable tourism development projects are wrought with more trial than triumph. But it is those challenges that have forced us to take these tools apart, redesign and improve them, and test them again…a process that will continue indefinitely.

Toolkit Audience

These toolkits are designed with a "train the trainers" approach in mind. Although the ultimate beneficiary of these toolkits may be rural community members or entrepreneurs living in or near protected areas, the audience for these toolkits are the individuals and organizations providing the technical support to ensure those communities and entrepreneurs are successful.

Toolkit Content and Structure

Sustainable tourism is broad and dynamic. And while these toolkits do not span the entire breadth of this complex industry, they do provide insight into four of the most critical aspects of sustainable tourism development, including:

Toolkit	Contents	Structure
1. Business Planning	Guides the reader through the development of business plans that define sustainable tourism products, financial projections, competition, sales & marketing strategies, operating plans, staffing & training requirements, and linkages to conservation and community development.	Although business planning is a participatory process that directly involves local beneficiaries (i.e. communities), the toolkit assumes the reader is the primary author of the business plan.
2. Operations and Management	Teaches tourism entrepreneurs the day-to-day tasks of managing a tourism enterprise. From reservation and payment systems to tour logistics and financial procedures, this volume of the toolkit focuses on the "nuts & bolts" of running a small business.	These two toolkits are written in a "lesson plan" format because they cover many of the small business operations and management tasks that are the responsibility of local beneficiaries. Therefore, these toolkits assume the reader is the "trainer" and provide teaching tools and curriculum to train local beneficiaries.
3. Staff Training	Includes training resources to build the capacity of local staff who provide sustainable tourism products and services, including: food services, lodging services, and transportation services…amongst others.	
4. Sales and Marketing	A practical guide to tourism sales and marketing, including: marketing strategy, website design, online marketing, social media strategy, public relations, customer relationship management, and distribution.	Assumes both local beneficiaries and/or supporting organizations/individuals may play some role in the sales and marketing activities of the tourism business being developed.

Acknowledgements

The creation of this document was a truly collaborative process, and I wish to thank the individuals and organizations that contributed to its development.

First, a big thanks to Rare, a US-based international conservation organization whose former Ecotourism Enterprises Program helped to shape the overall enterprise development approach described within these toolkits. For years, Rare invested and believed in the promise of community-based tourism and conservation in sites like Tikal National Park in Guatemala, Rio Plátano Biosphere Reserve in Honduras, and Sian Ka'an Biosphere Reserve in Mexico. All of these far off and wonderful places provided the unique opportunity to field test many of the tools presented in this "Operations & Management" sustainable tourism toolkit. I would also like to recognize the amazing group of individuals who worked with Rare's Ecotourism Enterprises Program over the years: Lucia Prinz, Jim Dion, Elmor Matute Wood, Fernando Garcia, Jon Kohl, Cynthia Brown Mayoral, Claudia Virgen, and of course Rare's leadership of Dale Galvin, Paul Butler and Brett Jenks.

Thanks to Dr. Don Hawkins of The George Washington University, a fantastic contributor and mentor to the development of this toolkit. The author would also like to acknowledge Roberta Hilbruner, former Sustainable Tourism Development Specialist for USAID's Natural Resources Management Program. Roberta was the architect of the Global Sustainable Tourism Alliance (GSTA), a partnership of leading organizations in the sustainable tourism field working together with USAID missions to apply a holistic and market-driven approach to sustainable tourism development. The GSTA program created a critical platform for Solimar International's ongoing efforts to expand its knowledge and experience developing sustainable tourism enterprises that support conservation and communities.

The author recognizes the USAID Regional Program for The Management of Aquatic Resources an Economic Alternatives program and its financial support in the development of these sustainable tourism toolkits.

A heartfelt thanks to Solimar International's management team - Chris Seek, Simon Jones, Dr. Don Hawkins, and Jim Phillips - for its investment and dedication to the ongoing development of the Enterprise Development Program and its efforts to link sustainable tourism, biodiversity conservation, and community development.

I want to thank Solimar International's field staff, a group of inspiring and hard-working individuals on the front lines of conservation and community development every day. Their tireless efforts to implement these sustainable tourism development tools have provided the context to make them possible, and the lessons learned to make them better. My deepest thanks to Eric Lin, Carla Campos, Ashley Silver, Hamilton McNutt, Jessie McComb, and Olivier Messmer for their contributions and commitment.

And finally, I wish to recognize my good friend Lucia Prinz, the co-author of this "Operations & Management" tourism toolkit. Whatever we managed to cook up in the sustainable tourism development lab back home over the years, Lucia brought to life through your wonderful gift of teaching in the field. Her unwavering love of learning and discovery is an inspiration to us all. Thank you for all that you have contributed.

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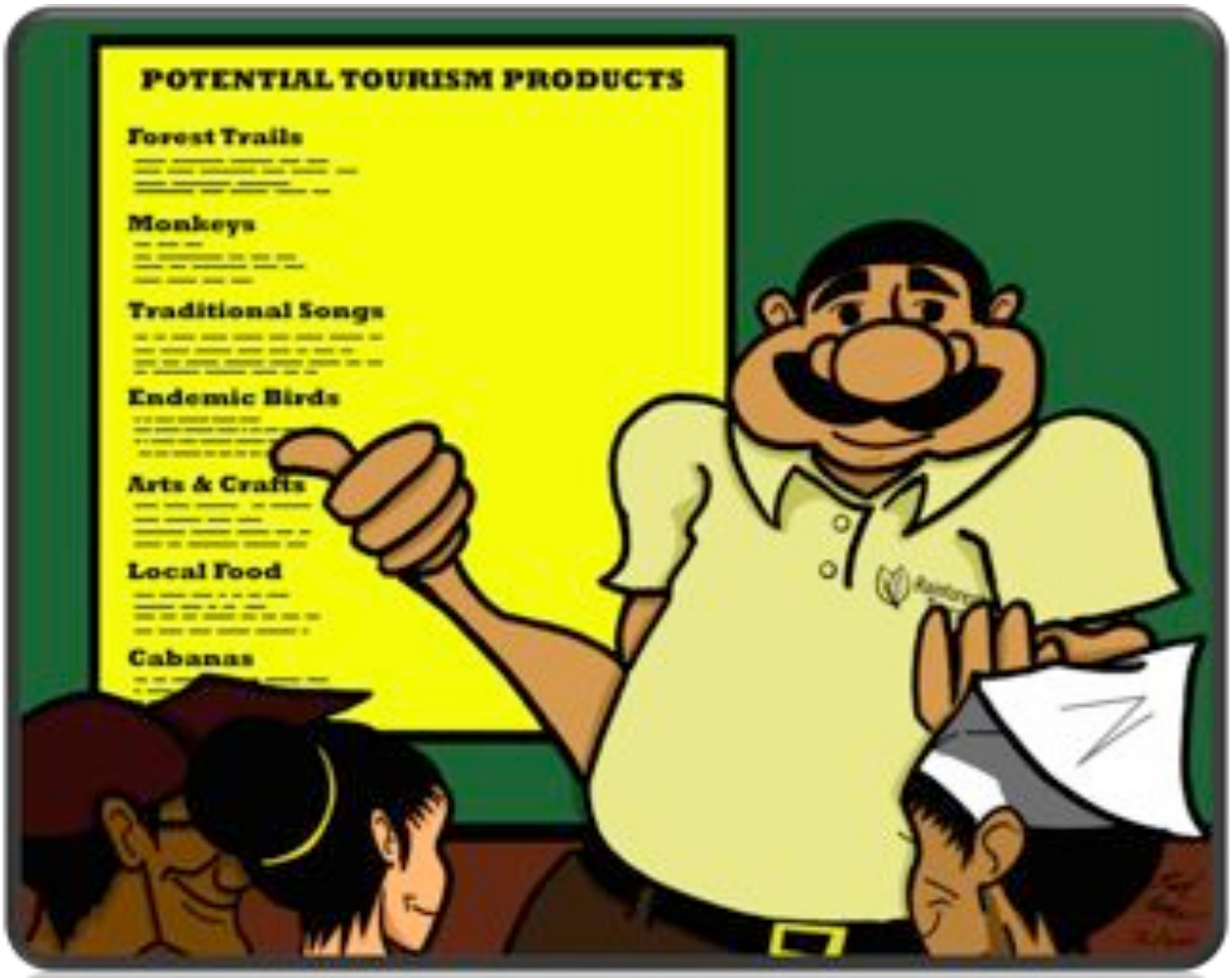
1. Introduction



1.1 Course Introduction

Overview:
Within this chapter, we will discuss:

- The overall objectives of the project supporting the development of sustainable tourism in the country
- The partners of the program
- The overall objectives of the Tourism Operations & Management course
- The calendar and daily schedule of the course
- Expected Manager and Mentor involvement in the course
- The "ground rules" that apply to participating in the course

Materials:
- Course calendar
- Course rules

Time:
- 2 hours

Trainer Notes:
Since this is the first "official" lesson during the course…it's a great time to set the "mood" of the classroom by encouraging everyone's participation…particularly in the practice sessions. Students need to see from day one that this is not a course they will just sit through, but rather are expected to be active and engaged participants!
- Review "Setting the Tone" from Rare's English-Language Nature Guide Training Program (NGTP) manual prior to teaching this lesson, located at the end of this document
- Text that refers to a tool or template introduced during the course is **highlighted in blue like this.**

Icebreaker: Mad Libs!
The trainer writes the following paragraph on the board, and has everyone paired up with someone else to interview that person and gather the following information about their partner. Each person then stands up and introduces their partner to the by stating the paragraph with the information on their partner they discovered in the interview.

Hello, this is my new friend _____. He/she is ____ years old and his/her home is _____. He/she really _____ it there because _____. Some things he/she likes to do include _____. There are many things he/she is good at and one of them is _____. He/she did a really interesting thing once and that was _____. His/her family consists of _____. He/she am really glad to be here right now because _____. The one thing he/she wants to be remembered for is _____. As far as future plans are concerned, he/she hopes to be _____ someday.

Presentation: Course Overview & Training Methodology

Trainer presents an overview of the following:

- The overall objectives of the project supporting the development of sustainable tourism in the country
- The partners of the program (e.g. Solimar, USAID, local counterparts, etc.)

Presentation: Training Methodology

Next, the trainer should provide an overview to the way in which the classes will be taught each day of the course. This teaching methodology is referred to as the "4 Ps" approach. The "4 Ps" describes the framework of a lesson plan that allows for a highly efficient level of knowledge retention by participants. Not all lesson plans have all four…but many do.

The "4 Ps" stand for Presentation, Process, Practice and Production, as explained below:

Lesson Phase	Overview	Description
1. Presentation	Teacher–facilitated; teacher presents a concept and does the majority of the speaking	"Presentation" is the first part of the lesson where the instructor gives the students an overview of the information they will be learning during the lesson. This follows a traditional lecturing structure, but needs to presented in a way that is interesting and also reflects the context of the situations the students will be in.
2. Process	Teacher–facilitated; teacher presents overall steps to complete the activity/task	The "Process" section describes the steps or procedures (if applicable) that needs to be followed to complete the activity or task being taught or described. The process may also need to be followed for an enterprise Manager or staff person to complete a "Production" activity for their own enterprise during or following the class, or once they return to their site after the course is completed.
3. Practice	Teacher-facilitated; student–centered; teacher encourages student participation	"Practice" is the part of the lesson where participants are actively engaged in practicing what they have learned during the presentation stage. Practice can happen with simple questions and answers but will more effective the more inventive and engaging the activity becomes. Practice should be something interactive.
4. Production	Student-facilitated, student-centered. Little to no interference from the teacher	"Production" is the final part of the lesson plan. Since we are developing job skills and procedures that are practical and applicable, the Production activity begins to asks the students to apply what they've learned to the unique needs of their own enterprises. By completing the Production activity, the students leave the course with procedures, instructions, information, and overall direction that begins to build their enterprise's "Operations Manual". In addition, the students leave with the feeling they have accomplished real work that will help their enterprise and community, giving them a good foundation upon which to build and move forward.

Table 1: 4Ps of Lesson Planning

Practice: "I would like to learn…"

Before the trainer clarifies the actual objectives of the Tourism Operations & Management Training (OPS) course…it's important for the trainer to get a better understanding of the goals and expectations of the students themselves…both Managers *and* Mentors.

Therefore, begin a short practice session by writing the following phrase on the board:

"During the Tourism Operations & Management Training course, I would like to learn…."

Now, ask that every student in the classroom share at least one expectation with the group, and have a training assistant copy the ideas on a board as the students share them. It may take a little encouragement for some students, but be sure to hear something from everyone.

Presentation: Operations and Management Course Overview

Now that everyone has shared his or her expectations of the course, it's time to share an overview of the actual course. This may be a bit overwhelming for students, so go slow and put as much of the course into context by mentioning examples of each of the sections of the course. Be sure to take the opportunity to highlight the actual course objectives with any similar ideas the students shared with the group.

Course Overview

1. *Introduction:*
    a. Course Introduction: A summary of the course, its objectives, and rules
    b. Manager and Mentor Roles & Responsibilities
    c. Introduction to Sustainable Tourism: What is sustainable tourism?
    d. Best Practices in Tourism: Mitigating the impacts of tourism and why that is important.
    e. Tourism Conservation Strategies: How to directly support environmental conservation with tourism.
    f. Introduction to Customer Service: What is customer service and how do entire enterprises and their staff deliver it?
2. *Financial Procedures:*
    a. Terms & Formulas: Direct vs. indirect costs, fixed vs. variable costs, profit margins, pricing methods
    b. Determining Tour Costs & Prices: Developing tours, assigning costs, applying profit margins, developing price ranges
    c. Opening Bank Accounts: Process/importance of opening bank accounts, savings vs. checking accounts
    d. Managing Reservations: Basic tools to manage reservations: forms, calendars, sales invoices, customer relationship management
    e. Receiving Payments: Issuing sales receipts, vouchers
    f. Tour Service Orders: Coordinating & communicating desired tour products/services to staff and vendors
    g. Making Payments: Procedures & documentation for both direct (tour) costs as well as indirect (operational) costs
    h. Managing the Revenue & Expense Journal: Entering client/vendor information, revenue, expenses, balances

   i. Managing Petty Cash: Procedures & documentation
   j. Bank Account Management: Procedures for deposits/withdrawals, writing checks, managing a Bank Account Journal/Registry
   k. Managing Financial Records & Reporting: Monthly & annual financial reporting templates/procedures for revenue, expenses, profit margins, total pax, etc.
3. *Financial Planning:*
   a. Annual Operating Plan: How do I develop annual operating plans?
   b. Annual Operating Budget: How do I develop annual operating budgets?
   c. Profit Sharing: How do we develop an equitable profit-sharing system for an enterprise?
   d. Updating Tour Prices: How do I update tour costs and prices?
4. *Legal Issues:*
   a. Enterprise Registration: How do I register an enterprise and do I need any permits?
   b. Taxes: What taxes do I pay and how do I pay them?
   c. Insurance: What insurance do I need and how do I get it?
   d. Industry Associations, Organizations, and Government Partners: summary of the different international, national, and local entities that might partner with the business
5. *Policies & Contracts:*
   a. Reservations, Payment and Cancellation Policies: What is a reservation, cancellation, or payment policy?
   b. Contracts: How do I develop contracts with service providers and sales partners?
   c. Sustainable Tourism Policy: What is a "sustainable tourism" policy?
6. *Enterprise Management:*
   d. Organizational Structure: How do I structure my enterprise?
   e. Board of Directors: Who else is involved in management of my enterprise
   f. Internal Decision Making & Communication Mechanism: Who is involved in decision-making of my enterprise?
7. *Communications:*
   a. Staff Conflict Resolution: How do I resolve conflict between enterprise staff?
   b. Client Conflict Resolution: How do I resolve conflict with enterprise clients?
8. *Human Resources:*
   a. Job Descriptions: What is the job description of all of the enterprise staff members?
   b. Staff Training Techniques: How do I train my staff
   c. Staff Assessment: How do I assess my staff's job performance?
   d. Checklists: How do I make sure that all of my staff know exactly what they need to do before, during, and after a tour?
   e. Certification Requirements: What national certifications apply to enterprise staff?
   f. Offices Policies: How do I make my enterprise a safe and productive place for staff?
   g. Hiring & Firing: How (and why) do I hire and/or fire an enterprise staff person?
9. *Basic Tour Procedures:*
   a. Emergencies: How do I plan for possible emergencies during a tour?
   b. Client Information Sheets: What information do I collect from my clients?
   c. Visitor Books & Client Testimonials: How do I get feedback from clients about their experience with my enterprise?
   a. Client Allergies: How do I deal with food allergies or dietary restrictions with my clients?
   b. Liability and Medical Forms: What is a liability waiver?
   c. Equipment Management & Inventory: How do I manage my enterprise's equipment?

Practice: Matching Expectations & Reality

After this long presentation of the actual course objectives, open up a discussion with the students to get their input on some of the following questions:

1. What are some of the course objectives that most interest you?
2. What are some of the course objectives that you least expected to learn while here?
3. What is missing from the course objectives that you would really like to include?

Presentation: Setting the Tone, Course Calendar, Student Involvement and Ground Rules

Setting the proper tone for the course is an important aspect of the first few days of the course. Setting that proper tone depends heavily on the teaching team. It is important to be firm when setting the rules, and to be clear that you intend to enforce them. You can do this while at the same time making the atmosphere a fun and happy one.

When discussing the rules and codes of conduct for the course, insist that everyone be serious and understand the reasoning behind the rules. Explain that by enforcing the rules, you will be creating an environment in which everyone will be able to concentrate on learning. Point out that they have chosen to leave their families and their communities to be a part of the course, and ask them why they've made this commitment and sacrifice.

Let them know that you want them to get the most out of the experience, and that is what you and the teachers will strive towards. But, let them know that the rules are designed to maximize student learning and to provide the best possible experience for all.

Also let them know that the course should be fun, that learning can be exciting. Run several fun warm-up activities and games the first few days of the course to help set the tone. Laughing a lot with the students from the beginning will let them know that not only can you be serious, but that you also intend to enjoy the experience.

You will also want to make an extra effort to be around during the class breaks to socialize with the students and help them to use the new information they are learning. Model for the teachers that they should be hanging around during some of the breaks every day to chat or play with the students. Plan volleyball or soccer games during the breaks so that everyone gets exercise and has fun together outside of the classroom. Spend time with different students, modeling for the teachers that they should not stick to favorites.

The course should be fun, and it can be, without compromising the rules. Laughing, playing, singing, telling jokes can all be done, and without crossing the line. When a disciplinary problem does come up, deal with it immediately, reminding the students why the rules are important and why you are going to enforce them. After the rule has been enforced and students scolded, do not hold a grudge, and encourage everyone to move on. Students and teachers will respect you more in the long run for enforcing the rules than for letting people take advantage.

<u>Course Calendar</u>

Having a course calendar either as a hand out for the students or on a large piece of paper where

everyone can see it is a good idea for the course. By doing so, students know in advance what they are going to be learning or what might be expected from them that day.

Course calendars should include:

- Daily lesson plans or topics to be explored during class and course activities
- Dates for quizzes. In the course it is very important to evaluate the students on a weekly manner in order to assess their progress. The instructor should designate one specific day each week for the quiz and schedule it in the calendar.
- Due dates for major assignments.
- Special Events, for example guest speakers, field trip, etc.

Figure 1: Sample Operations and Management Course Calendar

<u>Course Ground Rules</u>

Trainer presents an overview of the course calendar, student involvement, and rules…all of which are printed for all of the students to have a copy.

1. Hand out the course calendar and review the overall dates
2. Discuss and answer any questions about work days, free days, travel days, etc.
3. Present the ideas of the Rare English-Language Nature Guide Training Program "Setting the Tone" section (next page)…mainly the idea that although there are rules that need to be followed during the course, it is designed to be fun and creative and enjoyable for everyone involved.
4. Hand out and review the "ground rules" for all participants (Managers & Mentors) during the OPS course:

a. Enjoy!: The training is meant to be fun and engaging…embrace the time we all have together.
b. Respect: We encourage participants to share their views and experiences because it enriches the learning process for everyone. Only one person should speak at a time and every contribution made and question asked will be considered.
c. Punctuality: Students and staff should closely follow the course schedule. Chronic tardiness during the course is unacceptable.
d. Cell Phone Use: Strictly prohibited during class time, and all phones must be turned off during instruction. The course coordinator can determine an acceptable cell phone use policy for before/after class time, if acceptable.
e. No use of computers in the course of the training: Unless the activity requires the use of a computer, don't multi-task when the training is in session.
f. No Smoking*:* Smoking will not be permitted inside the workshop room out of respect for others.
g. Drugs and Alcohol: These are strictly prohibited. (Alcohol may be permitted at certain course celebrations, such as graduation.)
h. Relationships: Amorous relations among students, staff or student-staff are strongly discouraged. Public display of amorous affection is unacceptable behavior.
i. Dress Code: Especially when working at a park or lodge, students and trainers must understand that they are living and working in a professional environment. Attire should be appropriate for the setting at all times.
j. Lights Out: To ensure students and staff their necessary rest, lights should be out in the dormitories, beds or tents by 10:00 P.M. Students and staff can read with headlamps or flashlights or listen to music with headphones after "lights out."
k. Fighting, cheating, lying, stealing, verbal abuse, sexual harassment: This and other inappropriate behavior is also strictly prohibited and are grounds for expulsion.

5. Include any additional rules that apply to the particular training course or training site
6. Post the rules in the classroom so all students can read and be aware of them.

1.2 Manager and Mentor Roles and Responsibilities

Overview:
Within this chapter, we will discuss:

- The roles and responsibilities of Managers and Mentors
- Why the Managers and Mentors go through this training
- Manager and a Mentor qualities and criteria
- Understand why and how the Manager and Mentor work together

Materials:

- Job Descriptions for the Managers and Mentors
- Introduction phrases for Speaking Loudly and Clearly exercise written on large pieces of paper

Time:
3 hours

Trainer Notes:

- When you explain this lesson you have to make sure that both the Manager and Mentor understand their roles and responsibilities, but also how close they have to work in order to achieve the first year goals which include:
    - Developing an Operations Manual for the enterprise
    - Establishing all the enterprise and tour procedures
    - Developing and improving tour products
    - Ensuring that the Manager is ready to take over 100% of the enterprise management and operations
- Be aware that the practice in this lesson is done before the presentation starts.

Icebreaker: MAKE A DATE

Give each participant a paper plate. Have them draw the face of a clock on their plate with a line next to each number (no digitals!). Then have participants walk around a find a "date" for each hour, writing their name by the hour. The catch is no one can make a "date" with more than one person per hour. After everyone has made their dates, speed up time and allow 1-3 minutes for each hour. The facilitator then asks a question for discussion on each date. The pairs will have a chance to get to know one another.

Practice:

To start the class, explain to the Managers and Mentors that you'd like them to sit down together to write what they think are their job description (according to them) without looking at it. And also their expectations of what they are going to be doing for the next year. Both groups do a presentation to the class.

The instructors will tape this to the wall and as they are teaching the class they can be analyzing and comparing if the expectations and job restriction created by the Managers and Mentors are accurate.

Presentation:

In an enterprise it is very important to identify how many people and which positions are needed for the enterprise to be successful. It depends on the size of the business how many people are going to be needed. In general, it is very important to have employees that have the right skills to perform the job.

A lot of communities have tried to develop ecotourism and tourism related products in their area but sometimes they have not succeed because they don't have trained people in the community that have a knowledge of the tourism operations. For example the most common:

- *Lack of knowledge on how to price the product:* This is one of the main causes of failure because the prices of the services such as tours and food are done arbitrarily. For example, when determining the cost of a lunch sometimes they count just the cost of the ingredients but not other important things such as gas, cleaning products, water, etc. The price of the lunch ends up being much lower than the actual costs and the business loses money.

- *Lack of knowledge to properly negotiate with tour operators:* Tour Operators often want to bargain so that they can make as much profit on their tours, especially with community people. They can also make the arguments that if they bring volume (a lot of people) that the community should lower the price. In order to makes decisions on giving discounts, there has to be a person in the enterprise that knows the all of the costs of the tour and the minimum price at which the enterprise can sell a product.

- *Lack of management skills supervise staff, guide them with their roles and responsibilities and resolve conflicts:* Communities often function like large families since everyone knows everyone else. However, the enterprise must remain a professional and the Manager of the enterprise needs to be able to supervise staff by delegating appropriate responsibilities and resolving conflicts when they occur, even if they are related to the staff member.

- *Lack of experience in being the public face of the business:* At the end of the day the Manager is responsible for the entire business, both its successes and failures. When a problem occurs, the Manager is responsible for fixing it and making sure that the clients are happy.

Since most people in the communities do not have experience with tourism, this Operations and Management course is designed to provide you training on these topics as well as others. This training will help you deal with all of these challenges when the business is launched.

Although the Manager will be trained to develop his or her skills, there are certain personality traits that they should have.

The Manager

The Manager should have certain characteristics in order to perform this job. It should be a person that:

- Is outgoing and not shy since they have to be able to talk with upset clients and sort out any problems that might occur.
- This person should have the respect of other community members because the Manager is the boss and needs to be seen as an authority.
- Has to be known for their integrity, honesty and leadership within the community.
- It also has to be someone who likes hard work, because in the tourism industry people have to work weekends and holidays.

The responsibilities of the Manager are:

- To receive reservations and coordinate the logistics for the services to be provided.
- To manage the community staff and make sure they are performing their roles and responsibilities.
- To welcome the guests and make sure everything is ready by the time the services are provided.
- To write the sales and income reports on monthly bases and present it to board of directors.

The Manager will work together with the Mentor in order to learn and put together the management structures to administrate the community enterprise.

The Mentor position requires a lot responsibility. Sometimes within small communities, there is a strong possibility that the Manager has to be responsible for staff that are his friends or relatives, so this person has to be able to minimize conflicts or the appearance of favoritism.

The success of an enterprise is in the specialization of the employees, this means, the more the staff are specialized in their jobs and know exactly what to do, the more organized the enterprise will be.

The Mentor

The definition of a Mentor is a *wise and trusted guide or advisor***.** Therefore the role of the Mentor is to accompany and create together with the Manager effective processes to manage their community-based business.

Sometimes the word "support" is used together with the word "Manager", supporting means overlooking the process, but the Mentor has to go deeper that overlooking, he/she is a person that will teach the Manager how to administrate the enterprise and all the processes while creating them together.

The Mentor is engaged to fill the gaps on things that the Manager is not capable of doing. For example, if the Manager's writing skills are not very good, then the Mentor can help to articulate the information

in the Operations Manual. In the year that both will work together the Manager has to learn a lot of skills from the Mentor for example:

- How to negotiate with other tour operators and service providers
- How to complete the accounting templates
- How to manage staff
- How to submit sales reports to the board of directors

There are many more skills, but overall the Mentor is the person that has the experience working in tourism and he has to transfer all this knowledge to the Manager.

The question always arises: Is the Mentor my boss? The answer is the Mentor is your boss and your teacher. This person has the responsibility to prepare you and your community for the time that you will be on your own. Therefore you must follow his advice and guidance.

This position was created to advise the Manager in the Operations Training and also in the first year of operations of the community enterprise. The Mentor should be a person that has experience in tourism operations and has knowledge of the tourism industry in the country.

The Mentor's job is to support the Manager in the development of the enterprise, including in some of the following aspects:

- Business Planning**:** The Mentor and the Manager both should have a strong understanding of the business plan for the community-based enterprise. The Manager will have to give presentations to potential donors and clients and also to explain the products to tour operators that are interested in booking tours.
- Tour Costs & Prices: The Mentor should advise and help the Manager to understand how the services and tours are priced. During the Operations Course this topic will be taught, but to learn the process well requires practice.
- Logistics and Operations**:** The Mentor will collaborate with the Manager to create the logistics processes involved in the tourism operations in the community. Both will train the community members as guides, cooks, housekeeping, and other positions to have everything ready for the tours or services that the community provides.
- Accounting**:** The Mentor and the Manager may train the community Administrator on the financial procedures to record payments to staff and purchases of goods and services required for the tour.
- Reservations and Sales Systems**:** The Mentor should work with the Manager in creating a comprehensive procedure to receive reservations and payments and also how this will be communicated to the staff when the services are going to be delivered.
- Knowledge Transfer**:** The Mentor, as a person with experience in tourism, is there to help the Manager understand what it is like to not only work within this dynamic industry but also how to be aware of unique cultural differences that may be new to many local communities and entrepreneurs working with tourism for the first time.

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the course:
- After finishing this class Managers, Mentors and Instructors should sit down together and adapt their job descriptions to their own sites with specific responsibilities.

After the course:
- Include the final job description for the Manager in the Operations Manual.

Remember, that Mentors and Managers are involved with teaching all members of the community about tourism, it is expected that you are part of all additional trainings that are needed for your tourism enterprise (food services, lodging services, sales training, etc.).

The Mentor should be involved in initial marketing such as FAM trips ("familiarization" or promotional trips) that happen during the first year so that they can correct mistakes that might happen and teach the Managers how to appropriate market their products.

The best advice is that the Mentor must spend a lot of time in the community working and training all the staff and also making them feel that they can count on you for advice. To mentor a community you have to earn trust.

Practice - Discussion:
1. In your own words, describe the differences and similarities between the role of the Manager and the Mentor.
2. In your opinion, what are the most important responsibilities of the Manager?
3. In your opinion, what are the most important responsibilities of the Mentor?

Presentation:
A Manager should always speak loudly and clearly so that every client on a tour or at a presentation can easily hear what is being said. If visitors are unable to hear the Manager, then the "message" or information will be lost. If a Manager is difficult to understand, a tourist may decide not to make the effort to understand and, again, the "message" is lost.

Speaking loudly does not necessarily mean yelling, but rather projecting the voice so that everyone can hear. This also includes speaking while facing the group (not with the back to the group) and with the head up. Speaking clearly means that the Manager is enunciating and is not mumbling or speaking too quickly. This is the base on which all good communicators should build. If tourists cannot hear or understand what is being said, then it does not matter how good the tour or sales "pitch" is.

Managers who are shy, speak softly, or tend to mumble will need extra help developing this skill. Trainers should introduce this "characteristic" during the first week of the course and should then insist that students speak loudly and clearly in all discussions and situations. This will help to reinforce the concept, and will also help Managers to form the habit of speaking loudly and clearly if they are asked to do so for the entire course.

Practice:
The trainer acts out two scenarios in which a client or clients (recruit the students to fill this role) enters a tour enterprise and is greeted by the trainer acting as:

- A "bad" Manager who mumbles everything, turns their back to the clients, doesn't make eye contact, is nervous and fidgeting, doesn't have a structure to what they are saying…and in general is very confusing
- A "good" Manager who speaks loudly and clearly while directly looking at the clients and who explains everything very well.

Practice:

Students are divided into two teams lined up next to each other. Trainers are opposite the teams about 20-30 feet away from the students. Trainers hold up a card with the following phrases (below) written on them and one student each team must shout out the phrase and wait until the teacher confirms it is loud and clear. Then the student runs to the trainer. When the student reaches the trainer, the trainer holds up a new card for the next student. Run the race 2-3 times if possible.

Phrases (in the host language):

- Hello, I am the Manager.
- Nice to meet you.
- Welcome to my country
- How can I help you?
- Have a nice day
- What is your name?
- Please visit our website
- Enjoy your tour
- I am happy to help you
- My country is beautiful

1.3 Introduction to Sustainable Tourism

Overview:
Within this chapter, we will discuss:

- The definitions of "ecotourism" and "sustainable tourism" and the economic, environmental, and social objectives/elements of these types of tourism
- The difference between ecotourism, traditional tourism, and domestic tourism
- The profile of an ecotourist
- The structure and actors of the ecotourism industry
- Global cotourism trends
- National ecotourism trends

Materials:
- Props/clothes for the ecotourist vs. domestic vs. traditional tourist skit
- International Ecotourism Society's "Fact Sheet: Global Ecotourism" for homework (available in multiple languages)

Time:
4 hours

Trainer Notes:
- This chapter includes the first "skit" that trainers need to "perform" during the class. As you learned in teacher training…being silly and acting out scenarios in front of all of your students may seem a bit scary at first (or you may completely love it). Regardless of your zest for theatrics…what is important is that you own it! The OPS course is all about a new way of experiential teaching and learning…and that includes new experiences for the trainers as well. If you don't commit 100% to the methodology…neither will your students. You need to trust it a bit in the first few days…but pretty soon you'll see how fun and effective it can be.

Icebreaker: Catch Me If You Can
Players should be paired up. All players divide into two lines (facing in) shoulder to shoulder, with partners facing each other. Participants should be given approximately 30 seconds to look at their partners, taking in all details about the individual. The leader then instructs the two lines to turn and face away from the center. One or both lines has 15-20 seconds to change something about their appearance (i.e. change a watch to different wrist, unbutton a button, remove a belt, etc.). The change must be discrete, but visible to the partner. The players again turn in to face each other and have 30 seconds to discover the physical changes that have been made. Players get to interact with each other and have fun!

Presentation: Definition of Ecotourism *(adapted from TNC's "Ecotourism Development: Vol.1")*
Ecotourism is a relatively new concept, and it is still often misunderstood or misused. Some people have abused the term to attract conservation conscious travelers to what, in reality, are simply nature tourism programs that may cause negative environmental and social impacts. While the term was first heard in the 1980s, the first broadly accepted definition, and one, which continues to be a valid "nutshell" definition, was established by The (International) Ecotourism Society in 1990:

"Responsible travel to natural areas that conserves the environment and improves the well-being of local people."

As awareness and experience of the activity has grown, so has our need for a more comprehensive and detailed definition. Most recently (1999), Martha Honey has proposed an excellent, more detailed version:

"Ecotourism is travel to fragile, pristine and usually protected areas that strives to be low impact and (usually) small scale. It helps educate the traveler; provides funds for conservation; directly benefits the economic development and political empowerment of local communities; and fosters respect for different cultures and for human rights."

However, consensus exists among organizations involved with ecotourism around the definition adopted in 1996 by the World Conservation Union (IUCN) that describes ecotourism as:

Tourism Tip: The Difference Between "Ecotourism" and "Sustainable Tourism

It is important to define the difference between ecotourism and sustainable tourism. The differences are subtle, but whereas ecotourism usually refers to environmentally responsible travel to communities and natural areas, sustainable tourism refers to stakeholders in the travel industry as a whole who use natural and cultural resources in a way that does not damage them for future generations to enjoy.

For example, airline companies are slowing down their planes to use less gas, hotels wash towels less frequently to save water, and the cruise ship industry is trying to get better at recycling its waste.

What is interesting about most of these changes in the industry is that they are not only better for the ENVIRONMENT, but they are also good ways to REDUCE COSTS and INCREASE PROFITS. This is one of many exciting trends in the tourism industry.

"Environmentally responsible travel and visitation to natural areas, in order to enjoy and appreciate nature (and any accompanying cultural features, both past and present) that promote conservation, have a low visitor impact and provide for beneficially active socio-economic involvement of local peoples."

Practice: Definitions

1. The trainer re-states the three definitions of ecotourism above, and asks the students:
    a. What are some of common elements of ecotourism that you heard within the three definitions of ecotourism?
    b. Do you feel that these definitions apply to ecotourism in your communities, and the enterprises that you are building?
    c. What have been some of the positive impacts of tourism in your community?
    d. How about negative impacts? Are there any ways to reduce these negative impacts?

Presentation: Ecotourist vs. Traditional Tourist vs. Domestic Tourist Skit

1. The trainer begins by presenting a short skit that highlights the differences between three very different types of travelers: an ecotourist, a traditional tourist, and a domestic tourist. For each, the trainer will play the role of that person, as another trainer/student pretends to be a receptionist of a high-end ecolodge trying to explain/sell to those different types of tourist the activities of the lodge. You are playing up stereotypes here (both good and bad) and this is meant to be entertaining for the students…so HAVE FUN WITH IT!
2. Domestic Tourist: First, the trainer comes in as a domestic tourist (carrying food and cooler with beers and radio playing), pretending to be leading their entire family into the lodge (wife, sons, daughters, grandmothers, etc.). The domestic tourist is probably looking for the following, which the trainer should act out:
    1. A place where they can have a Sunday picnic and grill some food and drink beer and not clean up after themselves (and maybe even wash their pick up in the river!)
    2. Loud music that probably drives all of the animals away
    3. Not to pay too much money, and to basically bring everything themselves
    4. Walking right out the door when they hear the ecolodge is $150/night
3. Traditional Tourist: Next, the trainer comes in as a traditional international tourist (suntan lotion, sunglasses, beach hat and beach bag, margarita in one hand) acting out the following:
    1. NO ability to try and speak the native language…a real "gringo"
    2. Looking for a beach and pool…and surprised to hear they are hundreds of miles from the nearest ocean or "all-inclusive" resort
    3. Not too much interest in learning about indigenous culture, and honestly a little afraid when they are forced to speak to a "local", not sure what to think
    4. Joking about the only bird-watching they want to do is to watch their waiter serve them Chicken Cordon Bleu
    5. Complaining when they hear the price of the ecolodge is $150/night

4. Ecotourist: Finally, the trainer comes in as an ecotourist (travel conversion shorts/pants, Patagonia anti-bug sun protectant high-tech shirt, binoculars around their neck, language phrase guide in one hand…Lonely Planet guide book in the other) acting out the following:
    a. Excited to be practicing their Spanish (or host language) with a real "local"
    b. Asking about how the ecolodge manages its waste ("do you recycle your organic waste?) and if the electricity is solar or wind-powered, and stressing how important those things are to them
    c. Excited to hear about all of the nature tours, and saying they can't wait to get out into the rainforest for a 10km 6 AM hike.

d. Asking if the employees of the lodge are local staff, because "supporting local communities is very important to us"
e. Requesting a chance to hear more about local customs/traditions because they "really want to learn more about indigenous groups during their visit"
f. More than happy to pay the $150/night cost for the ecolodge

Practice: Tourist Profiles
After the trainer presents these three different roles, ask the students the following questions:

1. Have you had any experiences with any of these types of tourists in your community?
2. Were the portrayals accurate? If not, why not? How are they here?
3. What are some of the benefits of targeting ecotourists (versus domestic or traditional tourists) with your community enterprise and its products?

Presentation: The Profile of an Ecotourist

So, who are ecotourists? Where do they come from, how long do they stay, what interests them? The following is a general overview of your typical ecotourist, which should be presented to the students:

Table 2: Profile of an Ecotourism

Age:	35-55 years old, although age varies with activities and cost of tour
Gender:	50% female – 50% male
Origin:	North America, Europe
Income:	Two major groupings: $40K-60K/year, and $110K+/year
Education:	80%+ college graduates
Travel Group Size:	60% prefer to travel as couples, 15% prefer to travel as families, and 15% travel alone
Trip Duration:	Most ecotourists prefer trips 8-14 days total "in-country"
Expenditures:	About Ecotourists are willing to spend more than the average tourist: approximately $200-250/day
Organization Level	70% Free & Independent Travelers (FITs) – 30% agency/package tours
Key Trip Elements:	Top responses are: Wilderness setting, wildlife viewing, hiking/trekking, new experiences/places
Key Trip Needs:	Tolerant in facilities and amenities, demanding in information & services

Practice:

1. Hold a discussion that answers the following questions with the Managers/Mentors:
   a. How does this profile influence the types of tourism products we offer?
   b. What are the opportunities?
   c. What are the limitations/challenges?

Production:

Manager/Mentor tasks to complete their Operations Manual:

<u>During the class:</u>
Based upon the objectives of ecotourism and the profile of ecotourists, the Manager and Mentor sit down together to write 2-3 ways in which ecotourism in their community tourism enterprise can support the following objectives of ecotourism.

1. Maintain a low impact upon a protected area's natural resources
2. Involve multiple stakeholders (communities, tour operators, government, parks/protected areas)
3. Respect local cultures and traditions;
4. Generate income for local communities and for as many other stakeholders as possible
5. Generate income for park/protected area conservation
6. Educate all stakeholders (including community members and tourists) about their role in conservation

After finishing, each of the Managers present their one BEST idea for each of the five categories to the rest of the group (speaking loudly and clearly!)

After the class (homework):
Each Manager and Mentor review the TIES Ecotourism Fact Sheet located at the end of this chapter, and come prepared to discuss it during the next class.

Presentation: The Tourism Industry *(adapted from TNC's "Ecotourism Development: Vol.1")*
The mechanics of international, and even national, level tourism require that a complex set of arrangements (transportation, lodging, guides, etc.) exists to facilitate the movement of ecotourists from their home to the tourism destination (see table below). Each arrangement requires staff, infrastructure and costs.

The Links of the Tourism Value Chain

1. *The Travel Agent* — Typically a generalist "shop" or chain of retail outlets that offers a broad range of domestic and international travel services to consumers who can drop in for a face to face discussion with a sales person in their own towns or neighborhoods. They will normally sell the tours/programs of an *outbound operator*. Ecotourists rarely purchase trips through travel agents, who focus more on mass tourism destinations, cruises, etc.

2. *The Outbound Operator* — Typically an operator which specializes in a particular geographic region such as Kenya or South America, or on a specific activity such as bird watching or mountain climbing. They will be located in the ecotourists country of origin. They produce brochures annually with a series of fixed departures for each tour program, and they often have a loyal clientele who return to purchase trips on a regular basis. They will put together a complete package for the tourist including air tickets, and may provide a tour leader to accompany their client groups but will typically contract with an *inbound operator* to provide services in the destination country.

3. *The Inbound Operator* — Located in the destination country, they provide complete packages of services from arrival in the country to

Figure 2: Tourism Value Chain

departure. They may have their own infrastructure (vehicles, lodges) or they may subcontract others in the cities and regions the tourists will visit. Outbound operators contract with these national inbound operators to provide all "on-the-ground" services. With the advent of the internet, inbound operators are increasingly competing directly with the outbound operators for clients.

4. *Local Service Providers* — Outside the big cities, near the natural attractions, local service providers include lodge and hotel owners, local transport providers (boats, taxis), community-based tourism enterprises, local guides, and local artisans. **These are where local communities typically join the tourism chain**. More adventurous travelers often connect directly with these, especially if they feature in travel guides such as Rough Guides, Lonely Planet, etc.

Just like inbound tour operators, local service providers are also getting more skilled at marketing and selling their products directly to the end client (rather than only selling their products through tour operators). Some key ways in which local service providers, including community tourism enterprises, are selling directly to clients include:

- *Improved Communications & Technology*: It's becoming easier and easier for isolated communities to connect to the world through cell phones and the internet. These improved communications allows community tourism enterprises to manage their own websites and sales offices with phone and email services.
- *Community Tourism Networks*: More and more, different community tourism enterprises are joining together to create sales and marketing "alliances" to promote and sell multiple community destinations under one name, website, and sales staff. The are many advantages to this approach, including packaging complimentary tour products together, eliminating price wars amongst competitors, and reducing the costs of marketing and sales.
- *Improved Community Enterprise Capacity:* This last point is exactly what the Solimar Tourism Operations & Management course is all about…increasing the ability of local community members to develop, manage and grow successful tourism enterprises! By doing so…we are reducing the "links" in the tourism chain that exist between your enterprise and your clients. When we reduce those thinks…we <u>reduce the costs of the tourism product</u>, and we also <u>potentially increase the profit to your enterprise</u>!

Practice:
The trainer holds a discussion around the following follow-up questions:

1. With each additional step in the tourism chain, money is taken out that is not passed down to the next person. For example, even though an ecotourism might pay $2,500 for a ten-day tour in Ecuador, only $500 of that money might go to the community local service providers because everyone in between (travel agent, tour operators) have costs (such as promotion, staff, and office costs) and also want revenue for their time and effort.
    a. What are the financial benefits of selling your tour products directly to the ecotourist?
    b. What are the additional activities you will need to perform (e.g. promotion, sales)
    c. What are the additional costs for those activities?
    d. Tour operators are often very important to help you link your community tourism product to ecotourists. What are some ways a tour operator can help your business?

Production:
Manager/Mentor tasks to complete their Operations Manual:

After the course:

- Manager & Mentor develop a short training for all enterprise staff members, using materials and information presented in this chapter, on what is sustainable tourism and how does is apply to their enterprise

1 TIES Global Ecotourism Fact Sheet

Tourism Overview:

- **Size of Global Tourism:**
  - As the largest business sector in the world economy[ii], the Travel & Tourism industry is responsible for over 230 million jobs and over 10% of the gross domestic product worldwide.[iii]
  - In 2006, Travel & Tourism (consumption, investment, government spending and exports) is expected to grow 4.6% and total US$6.5 trillion.[iv]
  - If tourism were a country, it would have the 2nd largest economy, surpassed only by U.S.
  - In over 150 countries (four out of five), tourism is one of five top export earners. In 60 countries, tourism is the number one export.[v]

- **Global Growth of Tourism:**
  - 1950: 25 million tourist arrivals.
  - 1990's: Tourism grew globally at 7% per year.
  - 2004: 760 million tourism arrivals corresponded to a 10% global growth.[vi]
  - 2005: The number of international tourist arrivals recorded worldwide grew by 5.5% and exceeded 800 million for the first time ever.[vii]
  - 2020: Global tourism is forecast to reach 1.56 billion international arrivals.[viii]

- **Importance to Tourism in Developing Countries:**
  - Tourism is a principle "export" (foreign exchange earner) for 83% of developing countries, and the leading export for 1/3 of poorest countries.[ix]
  - For the world's 40 poorest countries, tourism is the second most important source of foreign exchange, after oil.[x]
  - Over last decade, tourism has been "the only large sector of international trade in services where poor countries have consistently posted a surplus."[xi]
  - International tourism in developing countries is increasing by 9.5% a year compared to 4.6% worldwide.[xii]
  - Tourism "appears to be one of the few economic sectors able to guide a number of developing countries to higher levels of prosperity and for some to leave behind their least-developed country status."[xiii]

- **Negative Impacts of Tourism**
  - There are 109 countries with coral reefs. In 90 of them reefs are being damaged by cruise ship anchors and sewage, by tourists breaking off chunks of coral, and by commercial harvesting for sale to tourists.[xiv]
  - Cruise ships in the Caribbean are estimated to produce more than 70,000 tons of waste each year.[xv]
  - An average 18-hole golf course soaks up at least 525,000 gallons of water a day – enough to supply the irrigation needs of 100 Malaysian farmers.[xvi]

Ecotourism: "Responsible travel to natural areas that conserves the environment and improves the welfare of local people" (TIES, 1990)

Since surveys rarely ask either travelers or businesses specifically about ecotourism, precise statistics are difficult to determine. Ecotourism is frequently lumped together with nature tourism and other forms of 'experiential' or 'alternative' tourism. These figures represent TIES best effort to put together an accurate assessment of the strength of ecotourism, particularly since 2000.

The International Ecotourism Society - www.ecotourism.org

Figure 3: TIES Global Ecotourism Fact Sheet

Fact Sheet: Global Ecotourism 2

- **Size of Global Ecotourism:**
  - Beginning in 1990s, ecotourism has been growing 20% – 34% per year.[xvii]
  - In 2004, ecotourism/nature tourism was growing globally 3 times faster than the tourism industry as a whole.[xviii]
  - Nature tourism is growing at 10%–12% per annum in the international market.[xix]
  - Sun-and-sand resort tourism has now "matured as a market" and its growth is projected to remain flat. In contrast, "experiential" tourism—which encompasses ecotourism, nature, heritage, cultural, and soft adventure tourism, as well as sub-sectors such as rural and community tourism—is among the sectors expected to grow most quickly over the next two decades.[xx]
  - United Nations Environment Programme (UNEP) and Conservation International have indicated that most of tourism's expansion is occurring in and around the world's remaining natural areas.[xxi]
  - Sustainable tourism could grow to 25% of the world's travel market within six years, taking the value of the sector to £250 billion (US$473.6 billion) a year.[xxii]
  - Analysts predict a growth in eco-resorts and hotels, and a boom in nature tourism — a sector already growing at 20% a year — and suggest early converts to sustainable tourism will make market gains.[xxiii]

- **Economics of Ecotourism vs. Mass Tourism:**
  - In Dominica, in the Caribbean, "stay over" tourists using small, nature-based lodges spent 18 times more than cruise passengers spend while visiting the island.
  - In Komodo National Park in Indonesia, independent travelers spend nearly US$100 locally per visit; package holidaymakers spend only half this. In contrast, cruise-ship arrivals spend an average three cents in the local economy.[xxiv]
  - 80% of money for all-inclusive package tours goes to airlines, hotels, and other international companies. Eco-lodges hire and purchase locally, and sometimes put as much as 95% of money into the local economy.[xxv]
  - The daily expenditure of cultural tourists (over €70/US$90) is higher than visitors on a touring holiday (€52/US$67), beach holiday (€48/US$62), city break (€42/$US$54) or rural trip.[xxvi]

- **Consumer Demand:**
  - More than two-thirds of U.S. and Australian travelers, and 90% of British tourists, consider active protection of the environment and support of local communities to be part of a hotel's responsibility.
  - In Europe:
    - 20%–30% of travelers are aware of needs & values of sustainable tourism.
    - 10%–20% of travelers look for 'green' options.
    - 5%–10% of travelers demand 'green' holidays.[xxvii]
  - In Germany, 65% (39 million) of travelers expect environmental quality; 42% (25 million) "think that it is particularly important to find environmentally-friendly accommodation."[xxviii]
  - Nearly half of those surveyed in Britain said they would be more likely to go with a "company that had a written code to guarantee good working conditions, protect the environment and support local charities in the tourist destination… [E]thical tourism will rightly be a big issue in the new millennium."[xxix]
  - A survey of U.S., British, and Australian travelers revealed that 70% would pay up to $150 more for a two-week stay in a hotel with a "responsible environmental attitude.[xxx]

3 TIES Global Ecotourism Fact Sheet

- **Consumer Demand (Cont'd):**
  - In a U.K. survey, 87% of travelers said their holiday should not damage the environment; 39% said they were prepared to pay 5% extra for ethical guarantees.[xxxi]
  - 53% of American travelers say their travel experience is enhanced when they learn as much as possible about local customs and culture.[xxxii]
  - 95% of Swiss tourists consider respect for local culture to be highly important when choosing a holiday.[xxxiii]
  - Nearly a third (46 million) of U.S. travelers buy specifically from companies that donate part of their proceeds to charities. In Europe, where there is a strong and growing sustainable tourism movement, these figures are even higher.[xxxiv]

- **Profile of Ecotourists in Europe:**
  - Experienced travelers
  - Higher education
  - Higher income bracket
  - Age: middle-age to elderly
  - Opinion leaders
  - Ask & tell their friends & colleagues about trip
  - Are the most important source of trip information[xxxv]

Typology of Tourism:

The following is a breakdown of different categories of tourism according to a 2005 report by The Worldwatch Institute. [xxxvi]

Category	Definition
Adventure tourism	A form of nature-based tourism that incorporates an element of risk, higher levels of physical exertion, and the need for specialized skill.
Ecotourism	Responsible travel to natural areas that conserves the environment and improves the welfare of local people.
Geotourism	Tourism that sustains or enhances the geographical character of a place-its environment, heritage, aesthetics, culture, and the well-being of its residents.
Mass tourism	Large-scale tourism, typically associated with 'sea, sand, sun' resorts and characteristics such as transnational ownership, minimal direct economic benefit to destination communities, seasonality, and package tours.
Nature-based tourism	Any form of tourism that relies primarily on the natural environment for its attractions or settings.
Pro-poor tourism	Tourism that results in increased net benefit for the poor people.
Responsible tourism	Tourism that maximizes the benefits to local communities, minimizes negative social or environmental impacts, and helps local people conserve fragile cultures, habitats, and species.
Sustainable Tourism	Tourism that meets the needs of present tourist and host regions while protecting and enhancing opportunities for the future.

Fact Sheet: Global Ecotourism—Updated edition, September 2006.

Research supported by Canopy Development

The International Ecotourism Society - www.ecotourism.org

1.4 Best Practices in Tourism

Overview:
Within this chapter, we will discuss:

- How to mitigate the environmental impact of the following tourism activities:
  1. Interaction with wildlife
  2. Local communities
  3. Vehicles and boats
  4. Buildings & Infrastructure
  5. Land-based activities
  6. Water-based recreational activities
  7. Prevention of non-native species

Materials:

- Complete lists of environmental impact mitigation considerations for all the above activities (included at the end of this chapter)

Time:
2 hours

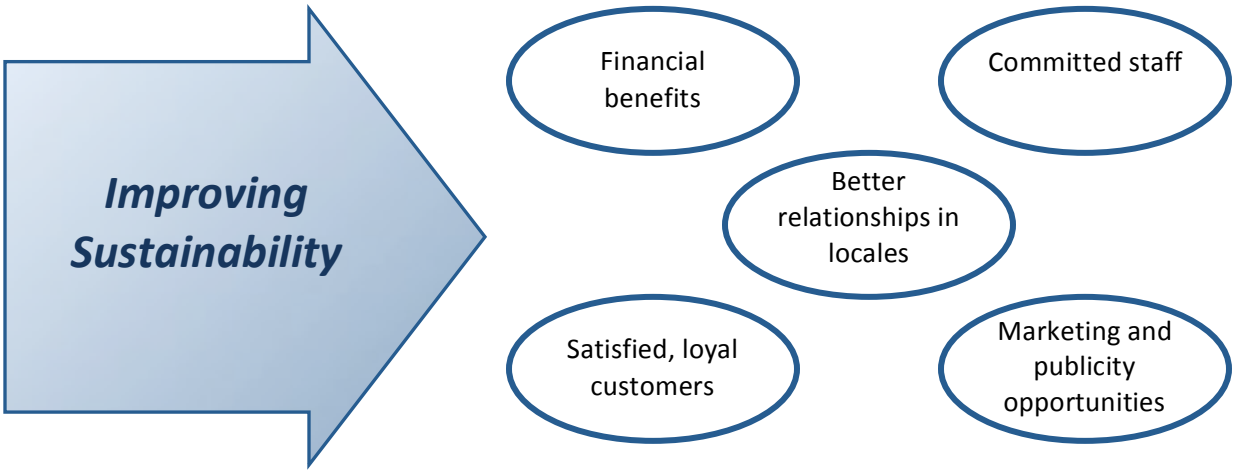
Trainer Notes:
There is a TON of great best practices information in this chapter, but to go through nearly eight pages of it would drive everyone crazy. Therefore, this chapter and lesson plan should be more focused on ensuring the entire group understands the idea behind best practices, that the trainer has a chance to highlight 1-2 examples from each of the major thematic areas of best practices….but then let's everyone work on their own to identify and customize which best practices actual fit to the specific activities, products and services their enterprise will be offering.

Icebreaker: Geographic Location
Each group member is from a different geographic location, but together they will form a map. Once a map has been established by the group, each group member will stand where he/she thinks they belong to make the map as close to scale as possible.

Presentation: The Benefits of Good Practice

By adopting good environmental and social practices in their products and services, tourism enterprises can help protect the integrity of the tourism resource (unique wildlife, habitats landscapes and communities) and facilitate high-quality visitor experiences, thus contributing to the continued viability of nature-based tourism to these regions. Sustainable tourism and ecotourism development can also help maintain support for tourism among local communities, by providing employment, income and higher levels of self-sufficiency, and conserving natural and cultural resources and heritage for future generations.

The use of good practices also makes good business sense, as tourists are increasingly showing a preference for products and suppliers that demonstrate good social and environmental performance. By improving its performance in these areas, a tour operator can enhance its reputation and recognition in the marketplace as a responsible operator. Good practices will also contribute to positive relationships with suppliers, staff and local communities, who are more likely to support operators who are conserving local environments and contributing to the well being of local communities.



Because all of these potential benefits emerge from improving sustainability within tourism enterprises, this chapter will be discussing specific steps that an enterprise can take to mitigate the negative environmental impacts of the following activities, products, and services.

8. Interaction with wildlife
    - Land-based wildlife
    - Coastal and marine wildlife
9. Local communities
    - Supporting local communities
    - Interacting with local communities
10. Vehicles and boats
    - Maintenance
    - Anchoring
11. Buildings & Infrastructure
    - Waste management
    - Energy management
    - Water management
    - Pollution reduction

    - Seafood consumption and purchasing
12. Land-based activities
    - Overall activities
    - Hiking, nature walks and camping
    - Use of domestic animals
13. Water-based recreational activities
    - Overall activities
    - Snorkeling and diving
14. Prevention of non-native species

Practice:
The trainer goes through each of these major thematic areas of best practices, and simply highlights and explains 1-2 examples from each. Encourage discussion and questions…but don't get too bogged down in the details of all of the best practices.

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the class:
In this production section, have each of the Managers and Mentors from each site down together to go through the long lists of best practices, and begin by simply identifying which of the key thematic areas they need to consider (e.g. if it's a jungle trekking tour…then no need to worry about snorkeling best practices).

With those major sections identified, then have the Managers and Mentors "check" the boxes of each of the best practices that may apply to their enterprise, and that they should in turn take into consideration.

After the course:
- Using this checked list of all applicable best practices, the Manager and Mentor incorporate these best practices into the job descriptions and day-to-day operating procedures of their tourism enterprise.

Best Practices for Land Based Wildlife Interaction

- ❒ Minimize noise and disturbances when in close proximity to wildlife, and nesting, breeding or feeding areas. Wherever possible and practical we use "hides" or other structures to view wildlife with minimal disturbance.
- ❒ Minimize noise from equipment, phones, radios and loud conversations, as well as sudden movements, flash photography, bright-colored clothing and open fires.
- ❒ If using spotlights to view wildlife at night, we commit to use low-wattage lights with red filters and only for short periods of time on particular individual animals.
- ❒ Where possible, we commit to keep group sizes to 15 or less people per guide.
- ❒ We commit to improve the knowledge and be aware of the location of important feeding, breeding and nesting sites, as well as seasonal activity, and avoid direct, prolonged or repeated contact with wildlife. Modify how long and often you frequent particular paths and sites.
- ❒ Talk to local tropical forest area managers, conservation groups or local wildlife groups about what kinds of behaviors the local wildlife may be sensitive to and what guidelines are available regarding appropriate interactions.
- ❒ Avoid wildlife handling or feeding as a general rule, and do not try to force particular behaviors from wildlife.
- ❒ Inform and manage visitors by providing pre-tour information on keeping appropriate distances from wildlife, minimizing noise and disturbances, handling and feeding restrictions, and any potential health and safety risks from wildlife. Include the reasoning behind particular actions or precautions.
- ❒ Work cooperatively with other tour operators to stagger visitation to particular sites
- ❒ Modify the times of day and seasons when you use the tour paths and sites to limit environmental impact
- ❒ Only harvest from the wild, consume, display, sell, or trade wildlife species as part of a regulated activity that ensures that their utilization is sustainable. We limit harvest sizes to our immediate needs and avoid harvesting threatened or endangered species.
- ❒ Follow humane killing methods.
- ❒ Never hold captive wildlife, except for properly regulated activities. We only keep living specimens of protected wildlife species if we are authorized and suitably equipped to house and care for them.
- ❒ Only use native species for landscaping and restoration and take measures to avoid the introduction of invasive alien species.
- ❒ Not produce adverse effects on the viability of populations in the wild as a result of our interactions with wildlife. We minimize any disturbance of natural ecosystems, and help rehabilitate any populations we have adversely impacted. We also have a policy of providing a compensatory contribution to conservation management if we adversely impact a natural ecosystem.

Best Practices for Coastal and Marine Wildlife Viewing

- ❒ Limit the number of non-motorized watercraft to 8 per tour.
- ❒ Limit the number of customers per guide to 15 or less.
- ❒ Avoid chasing marine animals. Whether in the water or on a boat always operate at a slow speed and never chase marine animals.
- ❒ If you are in an area that is well known for encounters with marine mammals, commit to use low-noise propellers. If animals approach the vessel, engines will be slowed down or stopped.
- ❒ Practice a no-contact policy. Always avoid touching and handling marine animals such as turtles, whales, whale sharks, dolphins, sea lions, seals and manatees.
- ❒ Never feed wild animals.

- ❒ Avoid to "chum" the water, meaning avoiding to clean fish in the back of a boats (throwing meat, blood or other animal effluents in the water to attract sharks).
- ❒ Avoid surrounding animals when viewing marine wildlife.
- ❒ Be aware of the recent year's laws that include limiting the use of thrill craft or fast boat operations in sensitive marine habitats, in order to protect slow-moving or endangered marine animals.
- ❒ Be litter conscious. Always make sure that trash goes in its proper place and does not end up in the marine environment.
- ❒ Avoid illegal import of captive animals.

Best Practices to Support Local Communities

- ❒ Employ local qualified (assuming training courses are accessible) guides, staff, and managers.
- ❒ Maintain equitable hiring practices. We will not discriminate against hiring women and local minorities, including in management positions, while restraining child labor.
- ❒ Implement a policy against commercial exploitation, particularly of children and adolescents, including sexual exploitation.
- ❒ Respect international or national legal protection of employees and pay employees a living wage.
- ❒ Fund or support your guides and employees in attending language or training courses.
- ❒ Purchase locally made food, provisions and services and use local facilities.
- ❒ Give priority to local service providers who are environmentally and socially responsible (i.e. businesses from whom you purchase goods and services).
- ❒ Offer discounts for local groups, residents or community development workers or researchers.
- ❒ Participate in work experience or mentoring programs to help locals develop tourism- and guiding-related skills.
- ❒ Actively support initiatives for social and infrastructure community development including, among others, education, health, and sanitation.
- ❒ Encourage visitors to support local businesses by:
    - Recommending local businesses, which offer other tourism related services of interest to visitors such as: accommodation, entertainment, transport, regional food and wine, souvenirs and craft markets.
    - Increasing visitor awareness of other local attractions and sites of cultural and historical interest.
    - Incorporating stops or stays with other local businesses as part of the tour experience can be a good way of creating integrated tour packages and supporting local businesses.
    - Encouraging and having available information on visitor opportunities to participate in community development projects.

Best Practices for Tour Interaction with Local Communities

- ❒ Educate visitors on sites of significance and cultural, historical, and social values.
- ❒ Consult local communities to avoid carrying out operations in sensitive sites. Ask where sensitive and/or private areas are located. Identify ways to avoid crowding shared infrastructure and services.
- ❒ Collaborate with local communities to ensure that our company's activities will not jeopardize the provision of basic services, such as water, energy, or sanitation.
- ❒ Develop and agree upon a code of conduct for activities in indigenous and local communities.
- ❒ Negotiate with cultural groups on appropriate access, behavior and interpretation regarding heritage, culture and people.
- ❒ Avoid highly sensitive or private sites on the tour and seek local community endorsement in the selection of sites visited.

- ❒ Keep visitors to defined areas and routes.
- ❒ Communicate cultural 'dos and don'ts' to visitors to increase cultural awareness and minimize inappropriate behavior, activities and communication with hosts and cultural sites during their stay.
- ❒ Establish guidelines or a code of behavior for visits to culturally or historically sensitive sites, in order to minimize visitor impact and maximize enjoyment.
- ❒ Not sell, trade, or display historical and archeological artifacts, except as permitted by law.
- ❒ Contribute to the protection of local historical, archeological, culturally, and spiritually important properties and sites.
- ❒ Not impede access to historical, archeological, cultural, or spiritually important by local residents.
- ❒ Use elements of local art, architecture, or cultural heritage in operations, design, decoration, food, and/or shops while respecting the intellectual property rights of local communities.

Best Practices for Vehicles and Boats

- ❒ Avoid sensitive sites during operations including important habitats, breeding grounds and small local communities.
- ❒ Stay on designated or defined routes where possible.
- ❒ Avoid skidding, rough riding/driving or excessive speed.
- ❒ Keep vehicles clean to avoid transfer of weeds, fungi and diseases.
- ❒ Use fuel-efficient vehicles when possible.
- ❒ Consider fuel consumption when designing tour routes
- ❒ Use sound proof vehicles to minimize engine and exhaust noise
- ❒ Keep vehicle colors neutral to blend with natural environment when possible.
- ❒ Maintain low vehicle speeds in and around sensitive sites to minimize levels of disturbance and injury to wildlife and local communities.
- ❒ Minimize the use of toxic chemicals for vehicle maintenance, cleaning and protection.
- ❒ Use bunding systems, drop trays or ground liners to reduce the chance of fuel and oil spillage.
- ❒ Keep vehicles and engines well maintained and serviced to help avoid oil and petrol leaks polluting air, soil and water.
- ❒ Maximize the time spent outside the vehicle to include walking, or educational activities.
- ❒ Practice good driving techniques to reduce gas consumption. This can include reducing idling times, driving at a constant speed and braking slowly.
- ❒ Avoid damage to banks and vegetation when unloading, launching and coming on shore with watercraft.
- ❒ Use soft ties when using trees as natural anchors for watercraft.

Best Practices for Boat Maintenance

- ❒ Avoid the use of natural waterways for cleaning vehicles or equipment.
- ❒ Use non-toxic chemicals for vehicle and vessel maintenance and protection where available.
- ❒ Avoid the use of chemicals or personal cleaning products in natural waterways.
- ❒ Perform regular engine maintenance by having a mechanic perform servicing of engines, fuel tanks and associated components, to maximize operating capacity and minimize fuel consumption. Use clean-burning four-stroke engines whenever possible.
- ❒ Regularly inspect areas that are susceptible to potential leaks of toxic substances. This can include regularly checking fuel lines and tanks, filters, separators, vents and bilge pumps.
- ❒ Keep toxic-absorbent sponges in bilges. Those sponges can significantly reduce and/or eliminate discharge of oils and fuels. Many types of sponges are available that absorb fuel and oil, but not water. Absorbent sponges should always be kept on hand while a vessel is being fueled in a marina

or harbor. In areas where the use of bilge water separation devices is mandatory, they should be used in place of sponges.

- ❒ Use biodegradable cleaning agents.
- ❒ Avoid onboard refrigeration units that use chlorofluorocarbons (CFCs). When possible use newer air conditioning units that use special gas mixtures without CFCs in their chemical composition.
- ❒ Avoid pumping oily bilge water or other hazardous substances into the sea. Unless the boat is in danger, wait to pump out oily bilge water, particularly when the ship is near sea-bottom habitat.
- ❒ Avoid using detergents or emulsifiers as bilge cleaners.
- ❒ Avoid draining black (toilet) and grey (kitchen, shower and wash basins) water directly into the ocean at harbors or coastal visitor's sites.

Best Practices for Anchoring

- ❒ Use mooring buoys or mooring systems. Provide permanent lines that allow boaters to fix their position without dropping anchor.
- ❒ Promote and support mooring buoys installation programs. If there is a mooring program already implemented in the operation area, report any problems the system may have and offer full support to the initiative.
- ❒ Use soft wraps when tying to trees and use or install mooring rings or pylons wherever possible.
- ❒ Avoid damage to vegetation and banks when unloading, launching and coming ashore.
- ❒ Correctly use mooring buoys whenever possible. For reasons of safety, always run a check when a ship ties up to a mooring point (a buoy). Give the ship more room to maneuver by passing a mooring line about half the length of the boat through the eye of the buoy and securing both ends to a cleat on the deck.
- ❒ If anchoring is absolutely necessary, anchor the boat only in a designated area, away from important ecosystems and reefs and avoid dragging anchors.
- ❒ Consider the use of drift dives instead of anchored dives when no moorings are present.
- ❒ Educate visitors who rent boats, sailboats, kayaks or canoes (if allowed in an area) by:
    - Explaining what mooring buoys are and that renter should use them whenever possible.
    - Explaining the proper way to anchor, before the renters set out.
    - Explaining the potential impacts of poor anchor use.

Best Practices for Design and Construction of Buildings and Infrastructure

- ❒ Comply with local zoning and protected or heritage area requirements.
- ❒ Respect the natural or cultural heritage surroundings in siting, design, impact assessment, and land rights and acquisition.
- ❒ Use locally appropriate principles of sustainable construction.
- ❒ Provide access for persons with special needs.

Best Practices to Support Ongoing Conservation Efforts

- ❒ Communicate best practice to visitors to minimize the environmental impacts of their activities and improve awareness of what constitutes appropriate behavior in rainforests, marine ecosystems and other local environments during their stay.
- ❒ Encourage visitor participation in local conservation activities. This may include the promotion of conservation groups and local conservation projects or it may include making participation in such projects part of tour activities.
- ❒ Support conservation projects or schemes. In addition to the activities suggested for visitors, operators can also contribute to the conservation by:

  - Working with natural area policy makers and managers and participating in environmental monitoring programs (e.g. species monitoring, conditions of roads, tracks and infrastructure).
  - Working with policy makers and managers and participating in visitor monitoring programs (e.g. visitor surveys and monitoring visitor numbers at particular sites as well as the number of commercial operators provides useful information for planning, infrastructure development and impact management).
- ❒ Monitor erosion and degradation of sites and tracks and participate in the re-vegetation of these areas. We photograph sites at regular intervals, keep consistent records of monitoring, and share this information with the natural area's managers.
- ❒ Assist in the development or maintenance of site hardening infrastructure (such as paving, pathways and boardwalks);
- ❒ Participate in feral animal and weed management activities.
- ❒ Support research and/or providing concession rates for groups/institutions studying/promoting rainforest conservation.
- ❒ Influence visitor attitudes through the incorporation of an interpretation component into tour programs.
- ❒ Provide concession rates for groups/institutions studying/promoting conservation.

Best Practices for Waste Management

- ❒ Collect all waste generated during tours and dispose of this waste outside of natural areas.
- ❒ Ensure that visitors and guides bury their feces (where no facilities are available) at least 15cm deep and at least 100m from any natural water bodies.
- ❒ Recycle whenever possible.

Best Practices for Energy Management

The following best practices are applicable for marine and tropical forest operations.

- ❒ Use battery or solar-operated lights where possible.
- ❒ Use fuel stoves instead of open fires.
- ❒ Plan driving (or boating) routes to minimize distance traveled and avoid congestion.
- ❒ Maximize the energy efficiency of our vehicles by:
  - Servicing vehicles regularly.
  - Making sure vehicles are fuel-efficient.
  - Not having vehicles be too powerful for the terrain covered.
  - Having vehicles be appropriately sized to not be larger than required to seat our typical tour group size.

Best Practices for Water Management

The following best practices are applicable for marine and tropical forest operations.

- ❒ Track water consumption and adopt measures to reduce consumption
- ❒ Use water efficient devices
- ❒ Recycle/reuse wastewater

Best Practices for Pollution Reduction

- ❒ Measure greenhouse gas emissions from all sources controlled by the business and implementing procedures to reduce and offset them as a way to achieve climate neutrality.
- ❒ Effectively treat and reuse wastewater, including gray water, where possible.

- ❒ Implement a solid waste management plan, with quantitative goals to minimize waste that is not reused or recycled.
- ❒ Minimize the use of harmful substances, including pesticides, paints, swimming pool disinfectants, and cleaning materials. Whenever possible we substitute harmful substances for more benign ones. We properly manage all chemical use.
- ❒ Implement practices to reduce pollution from noise, light, runoff, erosion, ozone-depleting compounds, and air and soil contaminants.

Best Practices for Seafood Consumption and Purchasing

- ❒ Educate visitors to be informed. Provide information to tourists about the sensitive nature of coral reef ecosystems, including which species in a given region should not be consumed as seafood or purchased as souvenirs.
- ❒ Support ecologically sustainable fisheries practices. Avoid choosing fish that are threatened or endangered.
- ❒ Avoid selling or purchasing marine ornamental souvenirs.
- ❒ Observe the law; abide by all regional, national and international laws regarding the harvesting of marine species.

Best Practices for Land Based Adventure Activities

- ❒ Improve knowledge by talking to local tropical forest area managers or conservation groups to help identify sensitive sites and increase the understanding of the resilience and ability of sites to regenerate under the pressure of particular adventure activities.
- ❒ Stay on designated tracks/roads where possible when traveling on horseback or by bike and keep to the middle of these tracks to avoid erosion, trampling of vegetation and ever-widening tracks.
- ❒ Use only existing tracks to access cliffs for rock climbing or caves and be aware of avoiding any geological and cultural areas of significance.
- ❒ Keep to designated routes when in caves. Paths should not block natural water flows and structures should be built to protect sensitive cave formations.
- ❒ Prevent the spread of invasive species by regularly inspecting and cleaning vehicles, equipment, clothing and footwear before entering natural areas.
- ❒ Avoid intensive or constant use of particular areas.
- ❒ Where there are no designated tracks or roads, avoid intensive use of the one area or route by spreading out over the area and/or using different routes on different days.
- ❒ When rock climbing, rotate the use of areas and keeping group numbers small (5-15 people) to minimize impacts.
- ❒ Avoid handling and removal of animals, vegetation or rock structures that, over time, can damage sensitive tropical forest ecosystems (and particularly those in cave environments and rocky areas).
- ❒ Use equipment efficiently and appropriately to avoid damage to natural landscapes and features when rock climbing or caving. Minimize the use of fixed equipment on any climbing areas. Use soft materials to cushion ropes and natural anchors. Minimize the use of marking materials.

Best Practices for Hiking, Nature Walks and Camping

- ❒ Inform and manage visitors. Make tourists aware of how they can help protect tropical forest areas (e.g. stay on trails, use equipment appropriately, avoid smoking, carry all waste out) to help prevent accidents and avoid damage to the environment.
- ❒ As said before, limit the number of visitors per guide to 15 or below to provide a better experience for visitors, to decrease impacts and to make the groups more manageable.

- ❒ Focus on using areas that have site-hardening infrastructure when possible (e.g. boardwalks, graveled paths, bird hides, designated camp sites). We have a site/route rotation plan to help avoid repeated use of the same (non-hardened) areas, for areas without site-hardening infrastructure.
- ❒ Retain canopy cover in camping areas and day-use areas, as well as along walking tracks and forestry roads.
- ❒ Avoid open fires and smoking to reduce accidental fires and scarring of the landscape.
- ❒ Keep waste and chemicals away from natural water bodies.
- ❒ Use portable chemical toilets or bury human waste at least 15 cm deep and 100 m from water sources or campsites when portable toilets are not available.
- ❒ Camp at least 30m away from water bodies.
- ❒ Avoid the use of soaps, detergents and toothpaste near or in freshwater.
- ❒ Clean all equipment and boots before entering tropical forest areas to avoid chemicals entering waterways and exotic seeds and diseases entering the local ecosystem.

Best Practices When Using Domestic Animals to Conduct Tours (applicable only to land-based operations)

- ❒ Keep animals clean. We keep horse coats, tails, hooves and manes free from seeds and plant materials and collect and remove any animal waste. We deliver feed through a nose bag to ensure that feed is not deposited into natural areas.
- ❒ Only use animal feed that contains treated/processed ingredients and not raw grasses and seed, if animals are used in our tours.
- ❒ Keep the company's animals contained with portable, non-wire fencing.
- ❒ Keep the company's animals away from water bodies, banks and sensitive areas.
- ❒ Use soft ties when using trees as natural anchors for the company's animals.

Best Practices for Water-Based Recreational Activities

- ❒ Avoid the use of natural waterways for cleaning vehicles or equipment.
- ❒ Use non-toxic chemicals for vehicle and vessel maintenance and protection where available.
- ❒ Avoid the use of chemicals or personal cleaning products in natural waterways.
- ❒ Limit the number of non-motorized watercraft to 8 per tour.
- ❒ Limit the number of customers per guide to 15 or less.
- ❒ Improve our knowledge by talking to area managers and local conservation groups to help identify sensitive sites such as breeding or nesting grounds in rivers and creeks and along banks. Avoid these areas when porting, launching, anchoring or mooring watercraft and when choosing sites to come ashore.
- ❒ Be considerate around wildlife.
- ❒ Be aware of the presence, general locations and common travel routes of large animals likely to be using or navigating the river.
- ❒ Encourage sustainable and humane fishing practices.
- ❒ Be aware of and follow any regulations on maximum fish catch and minimum size regulations, as well as seasonal closures or zoning restrictions.
- ❒ Use appropriate tackle and native bait and limit catch sizes to immediate need.
- ❒ Avoid catching threatened and endangered species.
- ❒ Avoid the disposal of wastewater, sewage, trash, food stuffs, fishing line and tackle into freshwater bodies.

Best Practices for Snorkeling, Diving and Snuba

- ❒ Establish a no-contact policy.

- ❒ Conduct environmental awareness briefings for tourists and other marine enthusiasts
- ❒ Conduct buoyancy refreshers and other basic diveskills training for inexperienced, out-of-practice or infrequent divers, addressing the importance of issues such as proper weighting and streamlining of gear.
- ❒ Recommend the use of reef hooks in places with strong currents.
- ❒ Do not use tank bangers.
- ❒ Discourage feeding and harassment of sharks, reef fish and other marine wildlife.

Best Practices to Prevent Introduction and Dispersal of Non-Native Species

- ❒ Control food introduction. Food should be introduced only under strict environmental health control and according to site's laws.
- ❒ Prevent the unintentional transport of insects and other small animals by regularly inspecting and cleaning the equipment, vessels and supplies to ensure that no wildlife is transported from one island to another. We also inspect - and whenever needed, clean – passengers' clothing and footwear.
- ❒ Decrease the number of bulbs kept on deck and to minimize the use of lights. This can help reduce the attraction of insects to the vessel.
- ❒ Avoid hang bunches of bananas to ripen on the outer decks. This practice attracts insects that could be spread to other islands.
- ❒ Fumigate boats regularly to avoid infestations. Ensure that fumigations are performed by authorized personnel and use a control register.
- ❒ Whenever possible to use bait traps rather than chemical products to control infestations in the kitchen.
- ❒ Store cargo and products from the mainland in storage rooms that prevents the infiltration of organisms such as insects and rodents. Transport cargo in clean and disinfected containers and properly pack and seal it to avoid the introduction of organisms. Strictly supervise the loading and dispersal of all cargo.

1.5 Tourism Conservation Strategies

Overview:
Within this chapter, we will discuss:

- How the financial success of a sustainable tourism enterprise is directly dependent upon the protection of the natural and cultural resources
- Five strategies that Solimar and GSTA partners use to directly support biodiversity conservation through tourism, including:
    - Direct Financing
    - Income Diversification
    - Monitoring, Enforcement, and Research
    - Constituency- Building
    - Co-Management and Use Designation

Materials:
- Handout of Solimar "Tourism Conservation Strategies"

Time:
6 hours

Trainer Notes:
- This lesson plan is one of the more "theoretical" that you will need to teach during the OPS course. Upon initial review, it may appear that much of this material might be over the heads of a rural community member. But the material within in the chapter is the essence of what are trying to achieve through sustainable tourism development: linking tourism and conservation. Therefore, it's important that these topics are explored and discussed at length (which is why we've allocated six hours to it). With that said, students in past OPS have actually taken to the material quite quickly…hopefully a sign that the examples of directly supporting conservation through tourism are becoming more prevalent…or at the very least more relevant.
- In the case of some projects the conservation strategy may have already been identified

Icebreaker: Shoe Factory
Have the group stand in a large circle shoulder to shoulder. Then have everyone remove their shoes and put them in the center. After the group has formed a pile with their shoes, the leader has everyone choose two different shoes other than their own. They should put them on their feet (halfway if they are too small). The group then needs to successfully match the shoes and put them in proper pairs by standing next to the individual wearing the other shoe. This will probably result in a tangled mess - and lots of laughs!

Presentation: Tourism Conservation Strategies

Within the previous chapters, we've learned that successful ecotourism depends directly upon pristine natural and cultural resources. We've also learned some basic methods for reducing our tourism enterprise's negative environmental impact.

But did you know that tourism can play a very significant role in **actively and directly supporting biodiversity conservation**? We think it can…and we'd like to introduce some of these "tourism conservation strategies" within this chapter.

One of the greatest opportunities (and greatest challenges) that sustainable tourism holds is finding ways to use the jobs and revenue it creates to directly support biodiversity conservation.

Simply put, there is a **direct connection between the economic health of the ecotourism enterprise and the environmental health of the natural area in which it is located**. If a rainforest is cut down, or if the traditions of an indigenous group are lost, then the tourism potential and attractions of that place are also lost…and so are the clients that will pay to go there. There are many good reasons to protect a natural area or preserve cultural traditions, but in terms of growing tourism enterprise's *financial success*, this is the most important one.

Figure 4: Positive and Negative Impacts of Tourism on the Environment

Within the previous lessons, we have also learned that **ecotourists value the protection of natural and cultural resources**…they would not come to an ecotourism destination if this were not the case. It is a lot easier (and a lot cheaper) to stay at home or go to Disneyland…but rather, ecotourists travel the world looking for places that are unique and pristine.

Figure 5: Potential Linkages Between Tourism, Conservation and Communities

Most ecotourists value the protection of the places they visit so much that if given a reason and an opportunity to directly support efforts to save that place…they would do so gladly. Therefore, it is up to the **ecotourism enterprise** to develop *strategies* to protect their resources, to tell the "*story*" of their efforts, and to provide the *reason* and *opportunity* for visitors to contribute.

When considering ways in which a community-based tourism enterprise can support local conservation strategies and community development, there are two main resources that tourism enterprises can provide:

1. Money: In the form of visitor donations, additional fees or "tax" charged to tour sales, or funds raised by the tourism enterprise from various sources.
2. Time: This can come in many forms, including the time of enterprise staff in conservation activities, the time of naturalist guides in the field to help with monitoring and enforcement, or the time of visitors who volunteer to help to plant trees in a reforestation project.

If we were to present these tourism conservation strategies, the roles of all of the stakeholders, their resources and results in a graph, it might look something like this:

Figure 6: Solimar's Approach to Linking Tourism, Communities and Conservation

In developing the following strategies, Solimar International has partnered with **Rare**, an international conservation organization that has worked in this thematic area for more than a decade. The following case studies draw from Rare's efforts to link sustainable tourism, community development, and biodiversity protection in a number of their ecotourism projects. You can read more about Rare's work in this field, as well as their environmental awareness building and fisheries management programs, at www.rareconservation.org.

RARE
inspiring conservation

Figure 7: Rare Conservation Logo

Presentation: Linking Tourism to Biodiversity Conservation

Increase Tourism-Generated Conservation Financing Model

In which an enterprise creates a long-term, dedicated local source of funding for conservation activities where it would not exist otherwise.

Case Study: La Ruta Moskitia Ecotourism Alliance, Honduras

In the Rio Plátano Biosphere Reserve, 10% of all La Ruta Moskitia Ecotourism Alliance gross tour sales are collected as a "conservation tax" for the purpose of supporting community-driven conservation projects and the Pride campaign currently underway there. This conservation tax will contribute $7,500 in 2007, and is projected to contribute more than $50,000 over the next five years. La Ruta Moskitia guides also visit & interpret local conservation projects to clients, who are then directly solicited for additional donations following their tour.

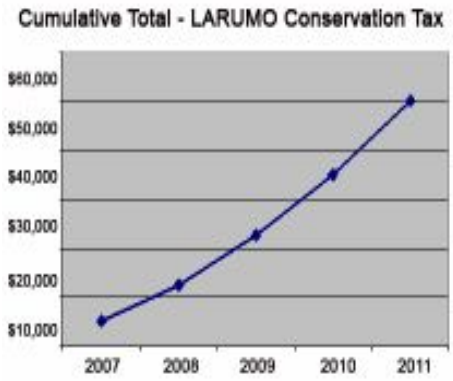


Figure 8: Case Study - Direct Financing Model

The strength of this first conservation model is that it provides a very important resource (money) that can be applied to meet a number of financing needs in almost location and scenario where ecotourism is taking place. Money can be collected by an ecotourism enterprise through any of the following methods:

1. Voluntary donations from visitors
2. A percentage fee or tax included in tour prices (like La Ruta Moskitia)
3. Through money raised via grants and proposals from national and international funding institutions
4. By investing revenues/funding into a conservation "revolving fund" that produces a return on that investment that can be used for conservation activities

Some examples of how this model can applied include:

1. To support communities and their conservation strategies/costs
2. To support NGOs and their conservation strategies/costs
3. To support parks/protected areas and their conservation strategies/costs

Limitations or challenges of this model include:

1. Including an additional conservation "tax" cost layers to tour prices may make your product too expensive for the markets you are targeting.
2. Tourists are often uncomfortable just handing money over to guides or staff, even if they are told it is for conservation, without receiving some kind of documentation or assurances that their money is going where you say it is going.
3. There needs to be a safe and secure way to manage donations once received. Money should not be handed out to just any guide or staff member. It needs to be managed by one person who is

responsible and accountable for the donation.

4. Successfully soliciting donations, either during a tour or after, depends heavily on how well the enterprise and its staff (principally guides) can make tourists feel like there is a both a NEED for their support and their money is making a DIFFERENCE. To achieve this, guides need to be able to interpret the conservation threats affecting the park/protected, and explain specifically what the community enterprise is doing to help to address those threats.

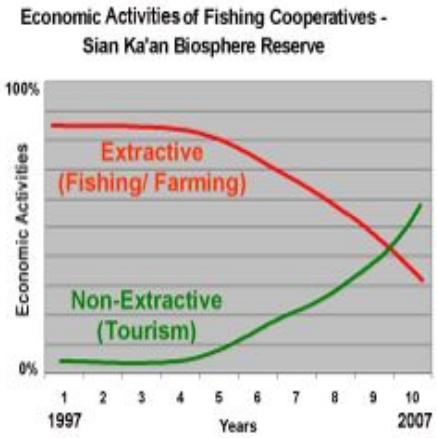
Increase Income Diversification Model

In which an enterprise creates jobs for local communities members that are dependent upon resource preservation, thus reducing the level at which those community member are engaged in resource extraction.

Case Study: Community Tours Sian Ka'an, Mexico

Community Tours Sian Ka'an (CTSK) in the Sian Ka'an Biosphere Reserve have developed tour products with four local fishing cooperatives that employ a third of the labor force and benefit 75% of the families in the Reserve's communities. The success of CTSK has helped to encourage a major shift in the local economy from resource extraction to ecotourism.

For example, the Los Aluxes Cooperative has transitioned from 75%/25% agriculture/tourism activities in 1997 to 25%/75% agriculture/tourism in 2007. These similar trends are being seen in all of the fishing cooperatives in the Reserve.



In this second model, an effort is made to try and replace any extractive activities such as illegal hunting, overfishing, and illegal logging with sustainable tourism jobs such as nature guides, boat drivers, managers, and accountants.

An important aspect of this model is that ecotourism is never an economic panacea or alternative that replaces *all* other forms of economic activity; it is merely a way to diversify a local economy and ideally lessen the pressure on resource extractive economic behavior such as fishing and agriculture.

The income diversification / job substitution model is most effective when a conservation threats assessment has identified a *specific threat* coming from a *specific community.* Even better, the model is extremely effective if it is known what *specific type of residents* of a community are engaged in that conservation threat. Finally, the lower the number of residents involved in the threat and the lower the income they are deriving from that extractive economic activity, the higher the opportunity exists to substitute that behavior.

Some examples of how this model can applied include:

1. Creating employment for individual engaged in resource extraction

Limitations or challenges of this model include:

1. Scope: Many extractive industries, such as illegal logging and cattle ranching, employ hundreds if not thousands of residents that live in/around protected areas. The ability of ecotourism to generate this high level of employment is impossible.
2. Income Level: For this model to work, the income that residents earn from ecotourism MUST be higher than what they are earning from resource extraction. If not, it is unlikely that they will shift from one economic activity to the other.
3. Conservation Threat Data: Specific information about who, what, where, why, when and how the conservation threat is occurring must be documented. Otherwise, an effective strategy cannot be developed.

Practice: Income Diversification

To explore this model further, the trainer presents two different scenarios:

Scenario I – Illegal Logging: In this scenario, you have a massive national park (2000 sq. km) whose primary conservation threat is illegal logging. Contributing to this conservation threat are 17 communities located on its northern and western border that are home to approximately 500 local residents (mostly emigrants/land squatters who recently moved there from the capitol city) who regularly enter the national park to illegally cut mahogany trees, although little more is known about who is cutting the trees. On average, these residents earn $5,000/year from illegal logging.

Scenario II – Sea Turtle Poaching: In this scenario, you have a coastal protected area whose main conservation threat is the poaching of Leatherback sea turtle eggs (which are sold in the capitol city as an aphrodisiac). The protected area has one community located inside its boundary that is home to 8-10 older fisherman who have collected the eggs to sell for years. These fishermen earn approximately $750/year from this illegal activity.

Discussion Questions:

1. Which of these scenarios presents the greatest opportunity for job substitution? Why?
2. What are some of the skills that the turtle poachers have that might be useful in an ecotourism enterprise?
3. What conservation threats do you have in your community/park that might be addressed by the income diversification/job substitution model?

Discussion Conclusions:

- The sea turtle poaching scenario is a much better conservation threat to address with this model, because:
  - We know exactly who is involved in the conservation threat
  - The number of individuals who are engaged in the threat is relatively small
  - The possibility of the poachers earning more from ecotourism than poaching is relatively high
  - The poachers most likely have existing knowledge and stories of the turtles/coastal ecosystem that would be useful as a nature guide or as a member of a community “beach patrol”

Increase Monitoring and Research Model

In which the enterprise increases the number of guides/residents trained in monitoring critical natural areas, assisting in scientific data collection/research, and/or reporting illegal land-use activities such as poaching, illegal logging, and illegal hunting/fishing.

Case Study: Nature Guide Training

Rare's Nature Guide Training Program transforms local community members into professional naturalist guides. But in addition to managing tourists, graduates of the course have also been taught to monitor & report illegal land-use activities for under-funded parks with little or no enforcement program. For example, the presence of 15 guides and their clients in the field can exponentially increase the reporting of illegal poaching, hunting, and logging in a given protected area. Opportunities also exist to train local guides and residents in bio-monitoring efforts to collect data that may assist in establishing stronger park and national environmental legislation/policy.

Most parks and protected areas around the world have limited budgets, and very often they lack the financial resources to pay for a sufficient number of park guards and rangers to patrol the area to monitor and enforce the rules and regulations that apply.

In this model, the ecotourism enterprise is not contributing money to address this problem, but rather is contributing time. Nature guides and transportation providers (such as boat and shuttle drivers) spend countless hours leading groups of ecotourists through the natural areas in which their ecotourism enterprises are located. They kayak through mangroves, climb isolated mountain peaks, and point out monkeys and macaws to ecotourists deep in forests around the world. They spend all of their time in places that many park guards never see.

The presence of these guides and transportation providers creates a unique opportunity for them to assist protected area managers and park guards in monitoring illegal activity (such as hunting and the trade of exotic species) and reporting that activity back to the proper authorities. This approach can help to increase the level of monitoring that occurs in a park/protected exponentially.

Some examples of how this model can applied include:

1. Establishing "beach patrols" that lead sea turtle watching tours to coastal areas that are frequented by poachers
2. Creating a "conservation hotline" that guides and local residents can call into if they witness illegal activity
3. Developing an agreement with park staff in which they train guides in what is considered illegal activity, and how to officially report such behavior.
4. Establishing a research program with the park or a local NGO in which guides and ecotourists help to collect bio-data, such as:
    a. Bird counts
    b. Sea turtle tagging and measurements
    c. Wildlife cameras/monitoring
    d. Ecology/botany research "plots"

e. Ethno botany/medicinal plant use projects
f. Alternative agricultural projects such as organic farming and aquaculture

Limitations or challenges of this model include:

1. Safety: People who are engage in illegal activity are criminals, and often could pose a threat to the safety of both guides and visitors if confronted. Therefore, it is never the responsibility of the guide to *enforce* park regulations, only to help *monitor* park regulations.
2. Partnerships with Parks/Protected Areas: In order for this model to be successful, community ecotourism enterprises must usually establish a strong level of communication and cooperation with park managers. There often exists a history of distrust and disconnectedness between these two parties, but increasingly these relationships are being established.
3. Equipment: Effective monitoring and enforcement often depends on effective communications, and the proper equipment (such as VHF radios and GPS units) may need to be purchased.
4. Enforcement: Identifying WHO is engaged in illegal activity is just the first part of addressing this conservation threat. Prosecuting these individuals is often an expensive, time-consuming, and intensely bureaucratic process that many park managers are not willing or able to take on.

Practice:

The trainer leads a discussion that considers the following questions:

1. *What are some opportunities that exist in your community to employ the monitoring, enforcement, and research model?*
2. *What are the limitations?*
3. *What concerns do you, as a community member, have in regards to monitoring the illegal behavior that may exist in your community?*

Increase Conservation Constituencies Model

In which an enterprise increases the number of local community members directly linked to conservation and environmental activism over an extended period of time.

Case Study: La Ruta Moskitia's "Conservation Corps", Honduras

In the Rio Plátano Biosphere Reserve, the livelihoods of approximately 150 La Ruta Moskitia employees (and their 750 family members) are directly linked to ecotourism and its inherent dependence on the protection of the Reserve's natural & cultural resources. These employees are now defending their sustainable livelihoods by forming community "Conservation Corps" that engage their neighbors in localized conservation projects. As La Ruta Moskitia's business continues to grow over the coming years, so will this army of dedicated environmental activists.

As an ecotourism enterprise grows, so do the opportunities for it to create jobs for community members. The more ecotourism jobs, the greater the number of local residents whose economic livelihoods depend upon the preservation of natural and cultural resources. The greater these numbers

of people, the louder the local voice that can rise up and speak out *against* illegal activities and *for* the protection of parks and protected areas.

How to encourage and channel this local interest and environmental activism is the responsibility of everyone involved in natural resource protection, mostly the ecotourism enterprise itself.

Creating an Economic Incentive for Environmental Activism

One question that every ecotourism enterprise must consider is "how do we share our profit?". Well, one strategy that can be used for ecotourism enterprises that have a cooperative business structure (everyone shares in the profit) is to reward enterprise staff or members for the unpaid or volunteer labor that they contribute to an enterprise over the course of a year.

For example, every ecotourism enterprise requires labor: curtains must be sewn, roofs must be repaired, and grass must be cut the work never ends. One option is to pay someone to provide those services…but these costs can quickly add up. A better idea is to have enterprise members *contribute* their time help improve the enterprise. Over the course of the year, one person (usually the accountant or Manager) must keep track of the amount of time each member has contributed. For example:

- *Don Jaime: 1 day to repair the motor*
- *Luisa: ½ day to fix the mosquito netting*
- *Ronald: 2 days to collect palm for the new roof*

At the end of the year, the more time that an enterprise member has contributed, the higher percentage of year-end profits they receive. It's the "You Get What You Give" model!

Now, what does all of this have to do with conservation? Well, an enterprise can reward the time that members contribute to *conservation activities* just as easily as they can reward repairs and improvements. For example:

- *Dona Elmo: 1/2 day of painting a sea turtle mural with the local elementary school children*
- *Ricardo: 2 days of planting mangrove seedlings in the river*
- *Lucia: ½ day of teaching an environmental education class at the local high school*

More on this topic is included in the "Profit Sharing Strategies" sections of the Tourism Operations Training course and materials.

Limitations or challenges of this model include:

- Wait Until the End of the Year: Regardless of how the money is used, it is important that enterprises set aside the profit they earn until the end of the year, when they can determine how much money needs to be reinvested in the business for costs and anticipated improvements. After this process is complete, the profits can be shared in a way in which the enterprise decides.

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the class:

- Managers and Mentors spend 30-60 minutes discussing how each on the five tourism conservation strategies might be applied within their own enterprise, community, and protected area. If they don't have a protected area, then the Manager and Mentor can still contemplate how they can improve the overall environmental health and awareness of their region and community members.
- Afterwards, each Manager stands up and presents a list of their ideas and potential tourism conservation strategies to the rest of the group. 5-10 minutes per presentation/Manager.

After the course:

- Manager & Mentor develop a short training for their own enterprise staff members, using materials and information presented in this chapter, on what are the linkages between tourism and conservation and what are some of the tourism conservation strategies that might be considered/developed by their own enterprise.

1.6 Introduction to Customer Service

Overview:
Within this chapter, we will discuss:

- Why customer service is so important in tourism, and the need for every single staff member/role of the enterprise to provide good customer service
- The concept of a "client-focused" enterprise
- The potential negative impacts of bad customer service
- Good communication skills, including: body language, establishing personal relationships, and cultural communication considerations
- At least 2-3 ways in which each member of their enterprise can provide better customer service
- Staff roles in establishing and maintaining good customer service with their staff
- The importance and elements of a positive work environment
- Ways in which customer feedback can be solicited
- The key steps of giving constructive criticism to their staff to improve customer service

Time:
4 hours

Icebreaker: Human Knot
Since today's lesson is about communications (verbal AND non-verbal), let's test our communication skills. Students get in a circle, cross their arms and grab the hands of someone across from them, and then have to get out of it not using any verbal communication or breaking hands.

Presentation: Customer Service

Tourism is a service industry, and the success of your sustainable tourism enterprise directly depends on the ability of you and your staff to provide the best possible customer service.

How? Well, first and foremost…*word of mouth advertising* is by far the CHEAPEST and MOST EFFECTIVE form of promotion for your business. Consider the following statistics:

- When clients receive *good* service they tell *10-12 people on average.*
- When clients receive *poor* service they tell *upwards of 20 people.*

Customer service has a financial value…as can be seen in the following statistics:

- Clients will spend up to *10% more for the same product with better service.*

EVERYONE Needs to Give Good Customer Service

All members of the enterprise need to understand that the client is the most important part of his or her job…clients are the reasons why each enterprise member has a job in the first place.

Good customer service involves the following basic actions:

- Communications: how well you interact with a client, both in verbal and non-verbal forms
- Accountability: the way in which you accept responsibility to help to improve a situation
- Effort: the ways in which help you go out of your way to help clients and improve their overall experience

Good customer service is also about creating *personal relationships* with your clients. Small acts of kindness and effort can open up those opportunities to form those personal relationships, including:

1. Greeting clients with a smile and a "good morning" when you see them
2. Introducing yourself
3. Getting to know a client's name and using it when you speak with them
4. Getting to know more about your clients…where are they from, why did they come to your enterprise, what they are most interested in seeing while there, etc.

Good customer service *begins with the Manager*, because the way in which you treat your staff directly affects the way they treat your clients. Some of the ways in which you can lead by example when it comes to customer service includes:

- Creating a positive work environment: We achieve this by treating each other with respect, not tolerating any forms of harassment, and interacting with each other the same way you would with a client.
- Transparency: No one likes to feel like information is being held from them, and transparency includes keeping staff aware of opportunities and issues facing the enterprise, keeping your financial records open (if you are a cooperative structure), etc.
- Participation: Your staff needs to feel like they are a part of the enterprise, not just taking orders but also helping to shape the future. This can be achieved through monthly meetings to discuss enterprise issues and opportunities, by engaging staff personally and professionally everyday, etc.

Although good customer service starts with the Manager, EVERYONE in the enterprise has contact with clients in one way or another. One can simply follow the "chain" that clients go through to visit your enterprise.

For example, let's look at the typical experience a client goes through to visit your typical Ecolodge. First, they talk to the **sales representative** in the sales office...maybe through a phone call, email exchange, or even in person. Upon arriving to the site, the clients are likely to be met by a **trip leader** or coordinator. From there, they might hop on a boat and interact with a **boat driver**. Upon arrival to the lodge or destination, they are greeted by the **Manager**. Later that day, they might go out on a tour with a local **nature guide.** Over dinner, they might interact with kitchen staff such as a **waiter or cook**. And in the evening, they are welcomed by a **housekeeper** into their waiting room.

So you can see….even though some of the enterprise staff may have more contact with clients than others…**everyone** comes into contact with clients, and therefore need to be prepared to interact with them and provide high-quality customer service.

Figure 9: Enterprise Staff

The "Chain of Kindness": Let's look again at our example of the client interacting with all of the enterprise staff.

*Every action has a reaction***,** and it has been proven in study after study that if a client has a positive experience with the first staff person they come into contact with in your enterprise, that positivity continues through every additional interaction with other staff. This can be seen in the positive signs on the top of the chain below. If a client has a negative experience with a staff person at any point in this chain of interactions, that negatively influences their interaction with the next staff person, and the next, and the next…which we can see in the example below the chain.

Apparently in our example below, the client had a bad experience with a boat driver who refused to stow their luggage that then got wet in a rainstorm. Upon arrival to the lodge, they complained to the Manager (who didn't accept responsibility for the wet bag). Then the clients refused to go on the afternoon hike with the nature guide because they didn't have dry clothes. The whole day would have been ruined if it wasn't for a friendly waiter who came along, went out of his way to get the client a

special item for dinner, which apparently turned the clients' negative experience back into a positive one!

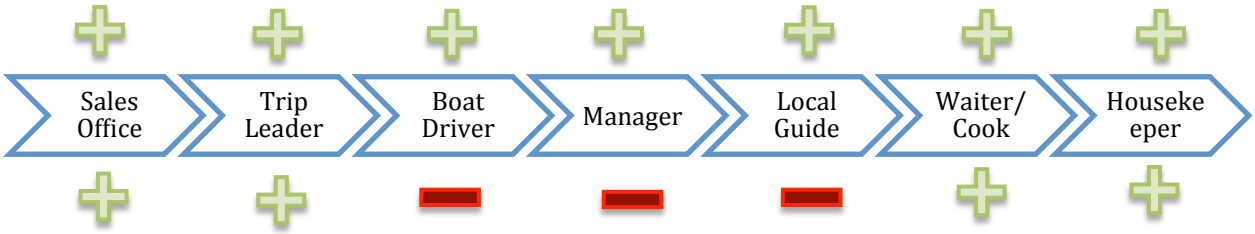


Figure 10: Chain of Kindness

Practice:
Let's brainstorm a list of questions and topics and are normally discussed during an introduction:

- What is your name? Nice to meet you _____...my name is _____.
- Where are you from?
- How long are you in _____?
- Others?

Keep in mind some important verbal communication basics:

- Tone of voice – always convey friendliness and amicability. Do not raise your voice in frustration or anger no matter how difficult or tiresome a customer may behave.
- Shaking hands – when shaking hands with a customer a firm and professional handshake is expected. This part of the greeting is now common among both men and women in a professional environment.
- Be attentive - when listening to a customer, slightly lean towards your customer and nod your head ever so slightly to indicate you are listening.
- Hand gestures - use hand movements to emphasize what you say (even on the phone) and to emphasize your feelings.
- Personal space – this is the distance that feels comfortable between you and another person. If another person approaches you and invades your personal space, you automatically move back without thought. You are uncomfortable. Leave adequate distance between you and your customer. Adequate space is important to making customers feel secure and unthreatened.

Practice: Cocktail Party
Now let's put these new interpersonal communication skills to work!

Everyone is assigned a secret identity…and goes around the room introducing themselves and making conversation using some of the new tools they've learned.

Practice activities are intended to help the Managers & Mentors begin to internalize what is being presented. Practice activities can include discussions, competitions, questions…whatever is engaging!

Presentation: The Role of Communication in Customer Service

Effective communications is the foundation upon which good customer service is built. Effective communication is not just about *what* is said**,** but also *how* it is said**.**
A major university conducted study on how people receive messages from other people, and found that only 7% came from the actual words used.

These non-verbal body language skills involved in good communication includes:

1. Eye Contact: most powerful of body language skills. Good eye contact shows you are interested in what the other person is saying.

2. Smiling: there is nothing like a smile and pleasant face to greet a client, especially if he/she has a complaint. A smile and polite conversation can immediately disarm a disgruntled customer. Facial expressions set a positive tone before you even begin speaking.

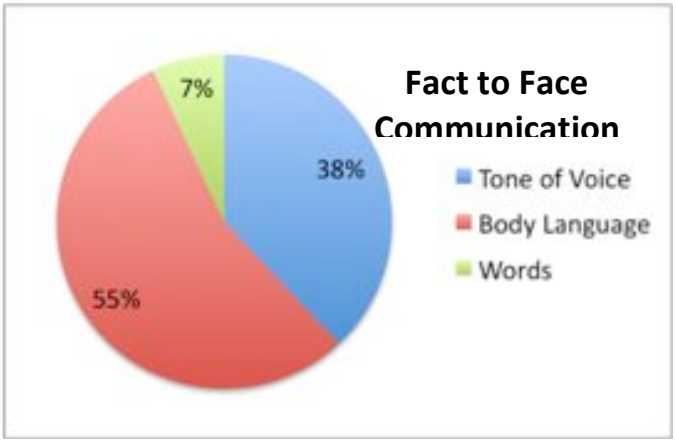


Figure 11: Elements of Face-to-Face Communication

3. Body Posture: Always face your client when you are speaking to them, turning away while having a conversation sends a message that you are not interested in what they are saying

4. Nodding: Simply casually nodding when you are listening to someone, especially if they have a complaint, can really convey that you are listening to them and interested.

5. Body contact: There are cultural differences in how comfortable people are with body contact. In Latin America, people's "personal space" is much more open…people hug, touch each other casually…even in professional situations. In Europe and North America, people's personal space is much more closed, and you need to be aware of respecting this space.

Production:

Manager/Mentor tasks to complete their Operations Manual:

During the course:

- Mangers and Mentors sit down to brainstorm a list of at least 4-5 important customer service skills unique to each job within their tourism enterprise.

After the course:

- Managers and Mentors include those job-specific customer service skills in the job descriptions of the enterprise staff members.

2. Financial Procedures

2.1 Financial Procedures Introduction

Overview:
We are about to begin what is likely the most technical and complex part of the entire Tourism Operations & Management Training…the "Financial Procedures" module. But at Solimar we also believe it is also the most important aspect of the course to truly prepare Managers and Mentors to manage and grow their enterprises. All of the contributions that sustainable tourism can make to conservation and communities are lost if a tourism enterprise isn't profitable. This module is designed to help enterprise's do everything they can to ensure that profitability.

Within this module, we've tried to present a basic yet comprehensive approach for day-to-day money management, procedures, and reporting. The financial procedures are designed so that they can be done with "low technology" solutions. In other words…with a pen and paper.

Although Solimar has designed these financial procedures with simplicity in mind…they are still procedures based on universal accounting principles. Due to its more complex nature, participants may struggle with this material…but there are no shortcuts. These are the basic financial tools that any credible business, and its leaders, must possess to be self-sustaining.

With that said…the financial procedures presented in this module do also have their limitations, which are important to point out before we go any further.

<u>What the Financial Procedures Module DOES:</u>

- It DOES provide enterprise Managers and staff a clear, up-to-date status of the enterprise's financial health…from the profit margin made on the most recent tour sale to the current balance of the enterprise's bank account.
- It DOES establish "checks and balances" that help to make the enterprise's financials more transparent and less prone to "mismanagement" by making more than just the Manager responsible for managing the enterprise's money. This system is not only safer for the enterprise; it also takes the sole financial responsibility off the shoulders of the Manager, which we think is a good thing for everyone…particularly the Manager.
- It DOES help Managers analyze <u>projected</u> costs and revenue versus <u>actual</u> costs and revenue…information that allow the enterprise to immediately understand the underlying reasons for a tour's profit or loss, and to react accordingly.
- It DOES help the enterprise document all of their financial transactions for legal tax preparation and reporting (although they *don't* teach Managers or enterprise staff members how to be certified accountants).
- It DOES introduce the role of a community "Administrator", an individual who is responsible (along with the Manager) for completing, verifying, and submitting the enterprises financial procedures and documentation.
- It DOES help the enterprise gather and record critical financial data that is used for business and project reporting, as well as for overall financial analysis of the enterprise.

What the Financial Procedures Module DOES NOT DO:

- It DOES NOT eliminate the need for a paid certified accountant to review and report on the enterprise's financial transactions either monthly or annually (depending on the country's tax laws and requirements).
- It DOES NOT eliminate all opportunity for a dishonest staff member to mismanage the enterprise's money…they just attempt to reduce that risk through a series of checks and balances.

The Financial Process

Before we jump into the details of day-to-day financial management, let's briefly take a broader look at the overall financial process.

The chart here shows the individual steps that make up the entire financial process when managing a tourism enterprise. The chart shows the *four major phases* of operating a tour product, including:

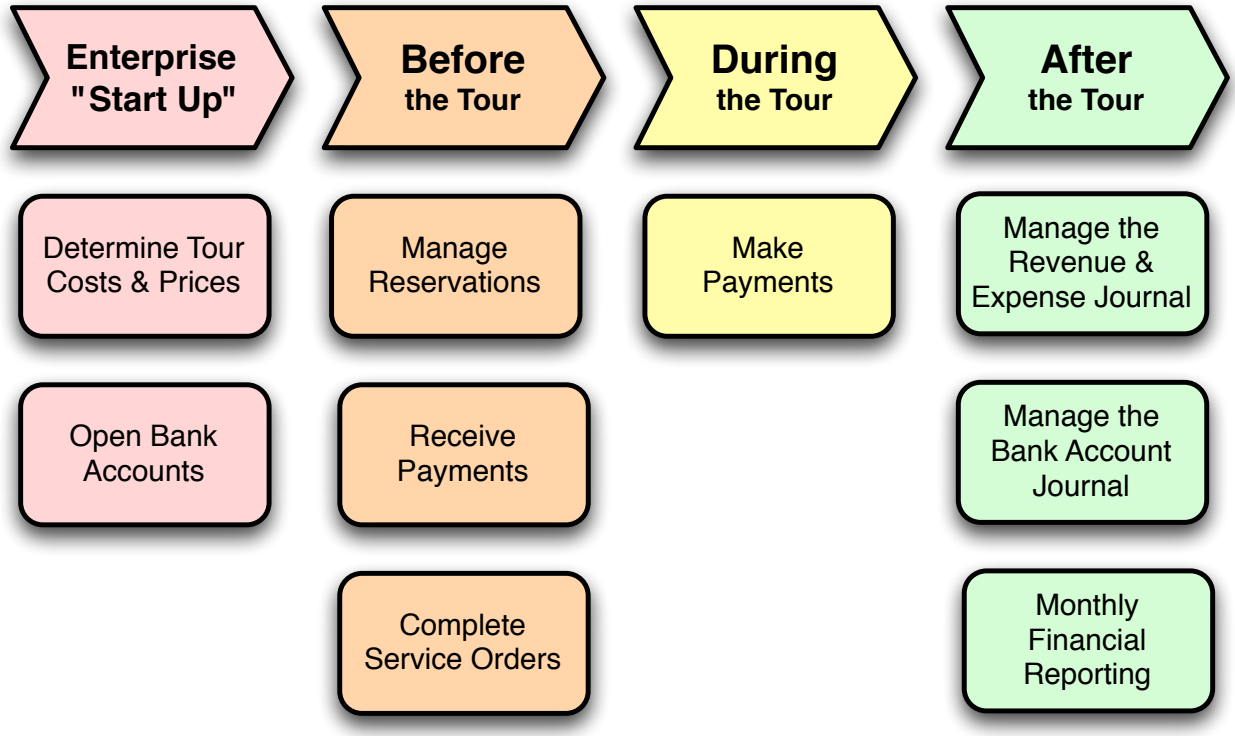


Figure 12a: Entire Financial Process of Managing a Small or Medium-Sized Tourism Enterprise

1. Enterprise Start Up

   This is the phase you are probably in *right now.* During the enterprise start up phase, a key step is to decide on what tour products your enterprise is going to sell. Once those tour products are finalized and we know what services are needed to operate them (e.g. staff, transportation, food, lodging, etc.), then we can determine the costs of those tours, as well as their prices. In addition to determining tour costs and prices…during the start up phase you will also need to open a bank account for the enterprise.

Warning!

The entire financial procedures module is based on the assumption that the enterprise has already finalized its tour products, and has also finalized its tour costs and pricing…both important aspects of business planning that should be completed before the Tourism Operations & Management Training course. If an enterprise's tours, costs, and prices haven't yet been finalized, they will need to be before those Managers and Mentors can benefit from the financial procedures module.

2. Before the Tour: These are the financial procedures that begin with the actual tour being reserved and continue through right before the tour actually begins. These steps basically include communicating with the client to finalize their reservations, receiving payment for the tour products or services the client has reserved, and finally communicating to staff and other service providers their role in providing those tour products and services.

3. During the Tour: The next phase of the financial procedures occur during the actual tour itself. These steps mostly focus on making payments during (or sometimes after) the tour to the individuals who are providing services for that tour.

4. After the Tour: The final phase of the financial procedures explores the way in which an enterprise enters tour revenue and costs data in its internal accounting records. In this phase we'll also look at the proper procedures to transfer money from an "on-site" location to an actual bank account, as well as how to complete basic financial reports.

2.2 Financial Terms & Formulas

Overview:
Within this chapter, we will discuss:

- Basic tourism and financial terms such as pax, gross sales, costs, margins, profit, and loss
- The difference between fixed and variables costs of their tour products
- The difference between direct costs and indirect costs
- Calculating profit and profit margin

Materials:
- Calculators (for everyone)

Time:
2 hours

Trainer Notes:
With this chapter we begin to dive into the most technical and complex section of the Operations and Management Training: financial procedures. During this section…it is critical that Mentors and training staff make themselves available to help Managers/students who might struggle with the math or the financial concepts.

- In addition to putting "inspirational" and relevant tourism phrases on big pieces of paper and posting them around the classroom (e.g. "Tourism is All About the Details!")…take some time to put these basic math definitions and formulas on large pieces of paper and post those as well.
- Make sure that all of the students have a calculator with them during these classes. Little cheap ones are fine…and students in the past have found it fun to have calculators that have strings attached that they can hang around their necks. It sounds silly…but they seem to like it, and it also helps keep track of calculators!

Icebreaker: Get to Twenty!
- Since today's chapter deals with math…let's do a numbers warm-up. No heavy thinking required though! The game is simple…everyone gets in a circle, and the trainer says "our objective is to count to 20 out loud…but we can only say each number once. So, if any two people say the same number at the same time...we have to start all over again". The trainer starts off by saying "1", and then any individual in the group just randomly says the next number. If two people say the same number…start over. If it's too easy…try increasing the number you want to reach!

Presentation: Financial Terms & Formulas

Before we begin, let's review some basic business terms and mathematical formulas that we will need to know for this lesson:

Definition: "Pax"
Pax means a person or client in the tourism industry. It is simply a quick way to indicate the number of clients on a tour. This is an internal term…we'd never refer to someone in person as one of our "pax"…they are always our clients or our guests.

Example: We have 6 pax reserved for today's wildlife tour.

Definition: "Fixed Costs"
Fixed costs are costs that do not change regardless of number of pax we have on our tour.

Example: Gas is a good example of a fixed cost. Whether you have a boat full of 10 people or 1 person, you will need more or less the same amount of gas to transport them…therefore it is a fixed cost.

Definition: "Variable Costs"
Variable costs are costs that do change based on the number of pax we have on our tour.

Example: Food is a good example of a variable cost. Let's assume that on your tour each meal costs $5 per pax. Therefore, if you have 3 pax that's $15 in food costs (3 pax * $5/meal)…if you have 6 pax that's $30 in food costs (6 pax * $5/meal). Food is a variable cost because it changes (varies) depending upon the number of pax that you have on the tour.

Definition: "Direct Costs"
These are all of the variable and fixed costs that are directly related to the sale of your products and services. These are our tour costs, and do not include administrative costs.

Example: Let's assume you have a rainforest walking tour that includes fixed costs (such as the guide's salary) and variable costs (such as lunch). These costs added together equal your total direct costs of goods sold for the rainforest walking tour.

Definition: "Indirect Costs"
These are the non-tour costs that we need to pay to run our tourism enterprise, regardless of the volume of tours we sell during the year.

Example: Good examples of indirect costs include administrative costs such as rent, telephone, and promotional materials. We have to pay these indirect costs regardless of if we sell tours or not.

Definition: "Gross Sales"
Gross sales are the money your enterprise receives from the sale of your products and services before any of your direct or indirect costs are subtracted. This is also often referred to as "revenue"…it's the money that your clients pay you.

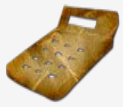
Example: If the price of your tour is $25, and you sell to 4 pax, then the resulting gross sales (or

revenue) for the tour will be $100, and would look like this:

Gross Sales = Price * Units Sold
Gross Sales = $25 * 4 pax
Gross Sales = $100

Formula: "Gross Sales"

*Gross Sales = Price * Units Sold (or Pax)*



Definition: "Gross Profit"
Gross profit is gross sales minus direct costs. This is the money you have left from your tour sale <u>after</u> you have paid all of your direct tour costs (like guide salaries, boat gas, food for lunches, etc.).

Formula: "Gross Profit"

Gross Profit = Gross Sales – Direct Costs

<u>Example</u>: Your rainforest walking tour costs $25 per person, and you sell it to a 4 pax group. Your direct costs for the tour include guide ($25), and lunch ($5 per pax). In this example, our gross profit would look like this:

Gross Profit = Gross Sales – Direct Costs
Gross Profit = ($25 * 4 pax) – ($25) – ($5 * 4 pax)
Gross Profit = $100 – $25 - $20
Gross Profit = $55

Basic Math SYMBOLS

*4 **+** 2 = **Add** 4 plus 2 = 6*

*4 **–** 2 = **Subtract** 4 minus 2 = 2*

*4 * 2 = **Multiply** 4 times 2 = 8*

*4 / 2 = **Divide** 4 by 2 = 2*

Definition: "Gross Profit Margin"
Gross profit margin is gross profit divided by gross sales and represented as a percentage (%)

Formula: "Gross Profit Margin"

Gross Profit Margin = Gross Profit / Gross Sales

<u>Example</u>: Your rainforest walking tour has $55 in gross profit, and your gross sales were $100. In this example, our gross profit would look like this:

Gross Profit Margin = Gross Profit / Gross Sales
Gross Profit Margin = $55 / $100
Gross Profit Margin = .55
Gross Profit Margin = 55% (*This a very profitable tour!!!*)

Definition: "Net Profit"
Net profit is gross profit minus indirect costs. This is the money you have in your bank account at the end of the year after you have paid all of your indirect costs such as rent, electricity, phone bills, etc.

Formula: "Net Profit"

Net Profit = Gross Profit – Indirect Costs

<u>Example</u>: Your rainforest walking tour company has $20,000 in gross profit (tour gross sales – direct tour costs) at the end of the year from tour sales. You have also added up all of your indirect costs (including telephone, rent, and promotion costs) and your total indirect costs for the year are $12,500. Therefore,

your net profit for the year would be:

Net Profit = Gross Profit – Indirect Costs
Net Profit = $20,000 – $12,500
Net Profit = $7,500

Definition: "Net Profit Margin"
Net profit margin is net profit divided by gross sales and represented as a percentage (%).

Formula: "Net Profit Margin"

Net Profit Margin = Net Profit / Gross

Example: Your rainforest walking tour has $7,500 in net profit at the end of the year, and your gross sales for the entire year was $40,000. In this example, your net profit margin would be:

Net Profit Margin = Net Profit / Gross Sales
Net Profit Margin = $7,500 / $40,000
Net Profit Margin = .1875
Net Profit Margin = 18.75%

Example: Your direct and indirect costs for the year were $45,000…and your gross sales were only $40,000. Therefore, you have loss of $5,000 for the year. Uh oh! ☹

Tourism Tip: Turning Numbers into Percentages
To change a number into a percentage, you simply multiply that number by 100.
Ex: .27 x 100 = 27%
Ex: .02 x 100 = 2%

Another easy way to make this change is to simply move the decimal point (.) TWO digits to the RIGHT:
Ex: .31 = 31%
Ex: .0068 = .68%

Quiz: Math Time!

Managers and Mentors…let's put these new math skills to the test! Don't forget to reference the basic formulas and definitions you've just learned.

1. For the following tour, determine the gross profit and gross profit margin:
    - Tour price per pax: $40
    - Number of pax: 6
    - Direct costs: $190

(answers: gross profit = $50 / gross profit margin = 21%)

2. For the following tour, determine the direct costs:
    - Number of pax: 4
    - Fixed costs: Guide - $40, Boat Gas - $30
    - Variable Costs: Lunch - $5/pax, park entrance fee - $10/pax

(answer: direct tour costs - $130)

3. For the following ecotourism enterprise, determine the indirect costs for the month:
    - Number of total tour pax/month: 25 pax
    - Direct costs: $20/per pax
    - Indirect costs: Telephone ($100), Rent ($250), Promotion ($400), Electricity & Water ($120)

(answer - $870…the number of pax and direct costs has nothing to do with the total indirect costs)

4. For the following ecotourism enterprise, determine the net profit and net profit margin for the month:
    - Tour Price: $45
    - Number of total tour pax/month: 25 pax
    - Direct costs: $20/per pax
    - Indirect costs: Telephone ($100), Rent ($250), Promotion ($400), Electricity & water ($120)

(Answer: Net Profit = Gross Profit – Indirect Costs = $255 / Net profit margin = Net profit / Gross Sales = $255 / $1,125 = 22.6% or 23%)

2.3 Determining Tour Costs & Prices

Overview:
Within this chapter, we will discuss:

- Identifying fixed and variable costs for tour products
- Developing a total cost for a given tour product
- Developing a tour price based upon a desired profit margin
- Create price "groupings" for tour products

Materials:
- **Tour Cost/Price Sheet** example
- **Tour Cost/Price Sheet** template
- Poster paper with tables from chapter written out (or within PPT presentation)
- Extra poster paper/markers/tape for students to do practice exercise

Time:
4-6 hours

Trainer Notes:
- This is one of the longest but also most important parts of the financial procedures chapter. Managers need to have a deep understanding of now to develop costs and prices for tour products. This is important both for developing new tour costs and prices, as well as updating existing tour costs and prices.
- The formulas outlined in the gray "formula" boxes in this chapter are very important for the Managers and Mentors to understand. Make large poster paper signs with the formula names and information, and put them in the classroom where they are easy to see reminders for everyone.

Icebreaker
Have each person bring something to class that means something special to them or that they would not have left home without, and then ask them to take turns sharing.

Presentation

Once a tour concept is developed, such as a half-day guided rainforest hike or a wildlife-watching tour, the next step is to determine the costs involved in conducting that tour. Based upon those costs, a profit margin can be added to those costs to give us the tour *price* as well as the resulting tour *profit.*

From our previous lesson plan, we now know the difference between variable and fixed costs, and direct and indirect costs. Let's quickly review those definitions:

Fixed Costs: Costs that do not change regardless of number of pax we have on our tour.

Variable Costs: Costs that do change in relation to the number of pax we have on our tour

Direct Costs: These are all of the variable and fixed costs that are directly related to the sale of your products and services. These are our "tour" costs, and do not include administrative costs.

Indirect Costs: These are the non-tour costs that need to pay to run our ecotourism enterprise, regardless of the volume of tours we sell during the year.

We divide these products and services into five overall categories that typically capture everything that goes into a tour package. These categories include staff, transportation, lodging, food, and extras. Let's take a look at the different types of products and services that fall into each of these categories:

STAFF	TRANSPORTATION	LODGING	FOOD	EXTRAS
• Guides • Cooks • Waiters • Performers • Artisans • Housekeepers • Boat/Shuttle Drivers • Managers • Accountants • Security	• Gas (for boats or vehicles) • Boat/vehicle rental • Oil • Road Tolls	• Soap/shampoo • Cleaning products • Decoration (fresh flowers, etc.) *Please note: many "lodging" costs (such as sheets, towels, etc.) are considered indirect operational costs, not direct tour costs.*	• Food: meat, vegetables, etc. • Beverages: water, soda, beer, etc. • Supplies need for food preparation: oil, seasoning, etc.	• Entrance fees • Tickets • Donations • Any additional costs outside of the other four categories

Table 3: Common Direct Costs

Calculating Food Costs:

Calculating tour costs is usually pretty straightforward. The one cost that is sometimes a bit more complicated to calculate is food costs. A meal – whether it is breakfast, lunch, or dinner – typically has lots of different ingredients. Sure, it's easy to calculate the cost of one can of soda, but how do you cost a bag of rice that you can use for five individual meals? Well, it's actually quite easy.

First, you list all of the different ingredients that are going into a particular meal. In our example, we have food items like chicken, bananas, and rice. We also have beverages like soda and coffee. And we

also have items we use to prepare the meal such as cooking oil. Beside each food item also list how each "unit" of that item is sold. For example, soda is sold per can, rice is sold per pound, and cooking oil is sold per bottle.

Next, list the cost of each item per unit. In our example, soda is $.50 per can (or per unit), rice is $1.25 per pound (or per unit), and cooking oil is $2.30 per bottle (or per unit).

The next step is to define how many units you need to prepare one meal (for one person). In our example, one meal for one person takes 1 can of soda, ¼ of a bag of rice (or .25 in a numerical value), and 1/10 of a bottle of cooking oil (or .10 in a numerical value). This means that we use 1 bottle of cooking oil for every 1 meals. 1 divided by 10 equals .10.

Food Item	Unit	Cost per Unit	Units per Meal	Cost per Meal
Chicken	pound	$ 1.50	0.5	**$ 0.75**
Cooking Oil	bottle	$ 2.30	0.1	**$ 0.23**
Bananas	each	$ 0.50	1	**$ 0.50**
Rice	pound	$ 1.25	0.25	**$ 0.31**
Tomatoes	each	$ 0.25	1	**$ 0.25**
Cucumber	each	$ 0.50	0.5	**$ 0.25**
Carrots	pound	$ 2.35	0.25	**$ 0.59**
Onion	pound	$ 1.50	0.25	**$ 0.38**
Pinepple	each	$ 1.00	0.25	**$ 0.25**
Coffee	pound	$ 4.00	0.05	**$ 0.20**
Sugar	pound	$ 3.00	0.05	**$ 0.15**
Soda	can	$ 0.50	1	**$ 0.50**
			TOTAL	**$ 4.36**

Figure 13b: Calculating Food Costs

Then, multiply your costs per unit times your units per meal. When you do this, you are calculating the cost per meal of that particular item. So for cooking oil, we multiply the cost per unit ($2.30) times the units per meal (.10) and we get $.23 in cooking oil costs per meal.

The final step is to add up all of the costs per meal to get our total costs per meal. This number ($4.36) represents the total cost of all the different food items to make one meal for one person. We now have the cost for this particular meal. See...wasn't that easy?!?!?

Tourism Tip!

If you are including many meals in a **Tour Cost/Price Sheet** (for example, you might have 10+ meals over a three-day tour) you may want to simply pick an average price for your food/meal costs per pax. But be careful, the average food costs between breakfast, lunch and dinner can vary greatly…so it's usually best to develop an average cost for each of those three meals, and use that in your tour cost calculations.

Process:

The best way to determine the costs (and a price) for a tour is to fill out a **Tour Cost/Price Sheet**. The tour cost/price sheet basically lists all of the various "ingredients" of a tour, and then let's us assign a cost for each tour activity. Usually, all of the costs in the tour cost/price sheet are direct costs.

Before we start with the step-by-step process of developing a tour/cost price sheet, let's look at the overall sheet itself:

1. Enter Tour Items and Costs:

The easiest way to start is to simply think through the tour you are going to offer…step by step. In our example, we are going to develop a tour cost price sheet for the rainforest hike described here.>

Example Tour: Rainforest Hike

The rainforest hike tour begins when you meet your guide at the lodge. From there, you board a small motorized boat for a 1-hour trip down river to where the trail begins. From there, your guide will lead you on a 2-hour hike through the forest sharing information about the plants and animals. Upon return to the boat, you will enjoy a delicious lunch before the 1-hour return boat ride to the lodge.

Reading that tour description, it's easy to start identifying the tour items for our tour costs/price sheet.

- First, our guide meets the clients. Okay, we need a guide.
- Next the guides and clients get in a boat and head down river. Okay, that means we need a boat driver and also gas for the boat motor.
- Next, the clients go on a hike in the forest. Well, there aren't any additional costs to walk in the forest…so nothing to add there.
- Finally, the clients are served a boxed lunch before returning to the lodge. Okay, we need to include the costs to make lunch. We're done!

Next, we need to assign costs to the tour items we've identified. But remember…variable costs (such as food) *change* based upon the number of pax we have on the tour. Fixed costs (such as gas) *do not* change based upon the number of pax on the tour. The tour cost/price sheet allows us to assign different costs for the tour items based upon the number of pax, which you can see in the example below.

For example, the cost for our guide is the same ($25) for 1 client as it is for 12 clients, because it is a *fixed cost*…one guide can handle groups up to 12. But the costs for our boxed lunch goes up $5 with each additional pax because it is a *variable cost* that changes based on the number of pax.

2. Calculate Tour Costs:

Now that we know what the tour items are as well as their individual costs…we can calculate the total tour costs as well as the tour costs per pax.

Total tour costs is easy…it is simply the sum of all the of the tour items/costs for that particular column or tour group size (you can see how "total tour costs" is literally defined in the "formula" column to its right).

Next we calculate the total costs per pax, which is done by diving the total tour costs (the number we just entered) by the number of pax in that column.

For example, the highlighted box on the table below is showing us the tour costs for a group size of 11 pax. The total tour costs for those 11 pax is $110 (25+20+10+55). The tour costs per pax is $10, represented by the formula here.>

Formula: "Tour Costs Per Pax"

Tour costs per pax = total tour costs / number of pax
Total costs per pax = $110/11 pax
Total costs per pax = $10

The blue arrows below indicate some other examples of this calculation and important parts of the table.

Each of these columns represent the total number of pax in a group. For example, this column is for a group of 11 pax

Tour Cost/Price Sheet: Rainforest Hike

		NUMBER OF PAX											
TOUR ITEMS		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Staff: Guide		25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Staff: Boat Driver		20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Transportation: Boat Gas		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Food: Boxed Lunch		5.00	10.00	15.00	20.00	25.00	30.00	35.00	40.00	45.00	50.00	55.00	60.00
TOUR COSTS	***Formula***												
Total Tour Costs	*=sum of all tour items*	60.00	65.00	70.00	75.00	80.00	85.00	90.00	95.00	100.00	105.00	110.00	115.00
Tour Costs per Pax	*=total tour costs / number of pax*	60.00	32.50	23.33	18.75	16.00	14.17	12.86	11.88	11.11	10.50	10.00	9.58

Fixed Cost

Variable Cost

$65 / 2 pax = $32.50

$80 / 5 pax = $16.00

Figure 14: Tour Cost Calculations

Presentation: Pricing

Setting the right price for a product is a key step in making a profit. If a tourism enterprise sets the price of a tour too low, it may not cover all of the costs of a tour or it may not make enough profit. If a tour is priced too high, it may not sell very well. There is an old saying that is always good to remember here:

The best price for a product is the highest price that the client is willing to pay!

Now that we have an idea of the total costs of our tour, we can begin to look at adding a profit to the costs to give us a final price of the tour.

Cost-Plus Pricing vs. Value-Based Pricing

There are two common ways to determine the price of your tour: cost-plus pricing and value-based pricing.

Cost-Plus Pricing:

With cost-plus pricing, you simply take the costs of tour product, add a specific percentage profit (such as 20%) on top of those costs, and that gives you your price.

Value-Based Pricing:
With value-based pricing, you base your price on what you believe your client is *willing-to-pay* for that product. To do this well, you need to have a good understanding of your clients and your competition in order to determine the highest price your client is willing to pay.

Cost-Plus Pricing	
Advantages	**Disadvantages**
• Simple/easy to calculate • Not much information required (just costs)	• May miss potential profit • Tends to ignore trends in consumers/competition
Value-Based Pricing	
Advantages	**Disadvantages**
• If successful, produces higher profit margins • Allows enterprise to earn revenue on "added value" of conservation and social benefits, not just costs	• Requires understanding of consumers and competitors • Requires enterprise to communicate additional value of conservation and social benefits to clients

Table 4: Comparison of Cost-Plus vs. Value-Based Pricing

Process:
Okay, now that we know a little more about how to price our tour products, let's get back to the process of completing our **Tour Cost/Price Sheet.**

3. Calculate Tour Prices:
Now that we have defined the tour costs per pax, we are ready to set a desired profit margin for our tour that will then help us determine the price per pax of our tour. In this case, we are going to use the *cost-plus pricing* method to determine our tour prices. In our example, you can see that we've selected **25%** as our profit margin **(indicated in red in the chart below)**.

Tour Cost/Price Sheet: Rainforest Hike

	NUMBER OF PAX												
TOUR ITEMS		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Staff: Guide		25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Staff: Boat Driver		20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Transportation: Boat Gas		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Food: Boxed Lunch		5.00	10.00	15.00	20.00	25.00	30.00	35.00	40.00	45.00	50.00	55.00	60.00
TOUR COSTS	***Formula***												
Total Tour Costs	*=sum of all tour items*	60.00	65.00	70.00	75.00	80.00	85.00	90.00	95.00	100.00	105.00	110.00	115.00
Tour Costs per Pax	*=total tour costs / number of pax*	60.00	32.50	23.33	18.75	16.00	14.17	12.86	11.88	11.11	10.50	10.00	9.58
TOUR PRICES	***Formula***												
Price per Pax **(25% profit margin)**	*=tour costs per pax / 1 - profit margin*	80.00	43.33	31.11	25.00	21.33	18.89	17.14	15.83	14.81	14.00	13.33	12.78

Figure 15: Tour Price Calculations

As you can also see on our chart in the formula column to the right of price per pax, the calculation we need to make to determine price per pax in our example of a 25% profit margin is as follows:

Formula: "Price Per Pax"

$$Price\ per\ pax\ =\ tour\ costs\ per\ pax\ /\ 1 - profit\ margin$$

When we apply this formula to a specific group size, say 5 pax, it looks like this:

Price per pax = tour cost per pax / 1 – profit margin
Price per pax = $16.00 / 1 - .25

Price per pax = $16.00 / .75
Price per pax = $21.33

4. Determine Final Price per Pax

The price per pax we have created for our rainforest hiking tour are *exact* calculations of a 25% profit margin, but you never see a tour price advertised to the exact cent (such as $21.**33)**! So we need to make slight changes to our price per pax to create final prices that are easier for our clients to understand and remember.

When we determine the final price per pax, we try and "group" our different price per pax figures into only 3 or 4 different tour prices (rather than 12!). To do this, we try and identify a price that may apply to a *range* of pax on a tour; whether it's 1-2 pax, 3-4 pax, or 5-12 pax, etc. The price you use for a range of pax should be rounded to the dollar amount, such as $22.**00** instead of $21.**33**.

Tourism Tip!

When you are deciding on a final price for your tour (either for one pax or for a range of pax) be sure to select a price that is *equal to or greater than* your price per pax exact calculation. That way, you can always be sure that your profit margin is what you expect it to be.

Looking at our example below…we've decided on four different price groupings:

1 pax = $80.00 per pax	2-3 pax = $45.00 per pax	4-5 pax = $25.00 per pax	6-12 pax = $20.00 per pax

So in other words…if two people buy our two, we charge them $45.00 per person. If three people buy our tour, we still charge them $45.00 per person.

Tour Cost/Price Sheet: Rainforest Hike

	NUMBER OF PAX												
TOUR ITEMS		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Staff: Guide		25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Staff: Boat Driver		20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Transportation: Boat Gas		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Food: Boxed Lunch		5.00	10.00	15.00	20.00	25.00	30.00	35.00	40.00	45.00	50.00	55.00	60.00
TOUR COSTS	***Formula***												
Total Tour Costs	*=sum of all tour items*	60.00	65.00	70.00	75.00	80.00	85.00	90.00	95.00	100.00	105.00	110.00	115.00
Tour Costs per Pax	*=total tour costs / number of pax*	60.00	32.50	23.33	18.75	16.00	14.17	12.86	11.88	11.11	10.50	10.00	9.58
TOUR PRICES	***Formula***												
Price per Pax **(25% profit margin)**	*=tour costs per pax / 1 - profit margin*	80.00	43.33	31.11	25.00	21.33	18.89	17.14	15.83	14.81	14.00	13.33	12.78
Final Price per Pax	*=price equal to or greater than price per pax*	80.00	45.00	45.00	25.00	25.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00

Figure 16: Final Price Calculations

WARNING: Don't Go TOO Low!

So, why do we stop lowering our prices after we get down to $20.00 starting with groups of 6? For example, look at the price per pax for a 10 pax group in the 25% profit margin scenario. With a 25% profit margin on our tour costs, our tour price could be as low as $14.00 and we'd still be making our 25% profit margin. Why still charge clients $20.00 for the tour?

In short…because we can. Based on our knowledge of visitors willingness to pay for things and what our competitors charge…we know that $20 is about as low as anybody sells this tour for…so that's as low as we need to go.

Why Have Price Groupings?

The are advantages for both the enterprise and the client when you have "sliding scale" prices (and price groupings) that change based on the number of pax. Here's why:

For the Enterprise: To pick just one price for a tour product that can range from 1-12 pax means you probably need to set a lower price that requires you to have a "minimum" number of pax to even operate the tour. With price groupings, you can run the tour even if you only have 2 pax, as long as they are willing to pay a slightly higher price. It also means you are always able to set prices, regardless of the group size, that are sure to make your target profit margins.

For the Client: Sliding scale prices (and price groupings) mean that the more pax you have on your tour…the cheaper the individual tour price will be for the client. This is obviously great for the client, but it's also really good for the enterprise.

First, it encourages your pax to find friends/family to join them on the tour to reduce the price…so more clients for you. Second, tourism enterprises make a LOT of money with larger groups because very often these tours have lots of fixed costs (like boat gas) that are shared amongst many clients with big tour groups. This means cheaper prices for clients, but it still means you can have very high profit margins with big groups even though

5. Determine Tour Profit:

Now that we know not only our tour costs but also our tour prices…we can do a simple calculation to determine how much our tourism enterprise will profit both per pax as well as per tour.

Tour Cost/Price Sheet: Rainforest Hike

	NUMBER OF PAX												
TOUR ITEMS		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Staff: Guide		25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Staff: Boat Driver		20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Transportation: Boat Gas		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Food: Boxed Lunch		5.00	10.00	15.00	20.00	25.00	30.00	35.00	40.00	45.00	50.00	55.00	60.00
TOUR COSTS	***Formula***												
Total Tour Costs	*=sum of all tour items*	60.00	65.00	70.00	75.00	80.00	85.00	90.00	95.00	100.00	105.00	110.00	115.00
Tour Costs per Pax	*=total tour costs / number of pax*	60.00	32.50	23.33	18.75	16.00	14.17	12.86	11.88	11.11	10.50	10.00	9.58
TOUR PRICES	***Formula***												
Price per Pax **(25% profit margin)**	*=tour costs per pax / 1 - profit margin*	80.00	43.33	31.11	25.00	21.33	18.89	17.14	15.83	14.81	14.00	13.33	12.78
Final Price per Pax	*=price equal to or greater than price per pax*	80.00	45.00	45.00	25.00	25.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
TOUR PROFIT	***Formula***												
Profit per Pax	*=final price per pax - tour costs per pax*	20.00	12.50	21.67	6.25	9.00	5.83	7.14	8.13	8.89	9.50	10.00	10.42
Profit per Group	*=profit per pax * total pax*	20.00	25.00	65.00	25.00	45.00	35.00	50.00	65.00	80.00	95.00	110.00	125.00
Profit Margin	*=proft per pax / final price per pax*	25%	28%	48%	25%	36%	29%	36%	41%	44%	48%	50%	52%

Figure 17: Tour Profit Calculations

Profit per Pax*:* First, let's look at how much we will make in profit per pax. Looking at the formula in the profit per pax cell, we see that the formula is:

Formula: "Profit Per Pax"

$$Profit\ per\ pax\ =\ final\ price\ per\ pax\ -\ tour\ costs\ per\ pax$$

Let's look at profit per pax for a 4 pax tour group:

Profit per pax = final price per pax – tour costs per pax
Profit per pax = $25-$18.75
Profit per pax = $6.25

Profit per Group*:* Next, let's calculate the profit for the entire tour group, which is very easy to do:

Formula: "Profit Per Group"

$$Profit\ per\ group\ =\ profit\ per\ pax\ *\ total\ pax$$

Let's use an example of 10 pax this time.

Profit per group = profit per pax * total pax
Profit per group = 9.50 * 10 pax
Profit per group = $95.00

Profit Margin*:* Finally, let's calculate the actual profit margin for one of our tour groups. To do this, we can use either the profit per *pax* / price per *pax* OR the profit per *group* / price per *group* (both will give you the same percentage). Let's use per *pax* because the number is smaller and easier to calculate:

Formula: "Profit Margin"

$$Profit\ margin\ =\ profit\ per\ pax\ /\ final\ price\ per\ pax$$

Let's try to calculate one of our groups…let's say a 7 pax tour:

Profit margin = $7.14 / $20
Profit margin = 36%

Quiz: Math Time!
Managers and Mentors work on the following problems together.

- Using the "Price per Pax" formula, develop the price for the following tour products: *(answers follow)*
  1. Tour cost = $45, Profit Margin = 18% *($54.88)*
  2. Tour cost = $145, Profit Margin = 32% *($213.24)*
  3. Tour cost = $12, Profit Margin = 25% *($16.00)*
  4. Tour cost = $1,800, Profit Margin = 12% *($2,045.45)*
  5. Tour cost = $189,984.23, Profit Margin = 1% *($191,903.26)*

1.) Develop an entire tour cost/price sheet for a canopy tour that includes the following:
1. Tour costs:
   a. Guide: $30 (for up to 12 people)
   b. Park entrance fee: $5 per person
   c. Canopy tour ticket: $10 per person
   d. Lunch: $5 per person
   e. Cook: $25 (for up to 12 people)
2. Calculated profit margin: 20%

Practice: Do Your Own Tour Cost/Price Sheet

Now, the Manager and Mentors break off into their community pairs and develop a simple tour concept that include 5-10 different types of tour items. Be sure to include both fixed costs and variable costs.

With that tour in mind, have the Mangers and Mentors fill out a tour cost/price sheet on a large piece of poster paper, do all of the necessary calculation for the different steps. They can select whatever profit margin they so choose.

Once the Managers and Mentors are finished, each Manager stands up and goes through the steps of their tour cost/price sheet.

Production:
Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>
Managers and Mentors:
- Look over all of the complete tour cost/price sheets for their enterprise that were included in their business plan
- Develop any missing tour cost/price sheets for the tour products their tourism enterprise will be offering.

<u>After the course:</u>
- Develop any tour cost/price sheets for NEW tour products their tourism enterprise is offering.

2.4 Opening Bank Accounts

Overview:
Within this chapter, we will discuss:

- Why it's important to have a bank account
- How to open a bank account
- The different types of bank accounts

Materials:
- Country-specific banking information that includes rates & fees for savings and checking accounts, requirements/documents to open bank accounts (for both enterprise and individual account holders), how long it takes to open a bank account

Time:
- 2 hours

Trainer Notes:
- In this chapter, we will focus more on the overall concept of bank accounts and less on how to manage bank accounts (writing checks, recording deposits). Managing bank accounts will come later in the financial procedures module.

Icebreaker: Look DOWN, Look UP
- All in the group are in a circle. The "leader" yells "Look Down." Everybody looks at the floor (and picks out the feet of their "victim." The leaders than says "Look Up." Each person looks at the face of their victim. If the two people happen to be looking directly at each other, they must die dramatically (the more drama…the better!) and exit the circle. The leader continues "Look Down " "Look Up." until the last two remain the winners.

Presentation

Some of the reasons why it is important to have a bank account include:

- To receive payments from international clients through international wire transfers
- To deposit the profit from enterprise sales and to avoid keeping large amounts of cash in a place that is not secure (like someone's home or office)
- To make payments by check, which allows the enterprise the keep better track of accounting
- To avoid having to make large payments to vendors such as hotels with cash, which is risky and can be more difficult to account for

<u>What are the different types of bank accounts?</u>

1. Savings account

This type of account, as the name states, is for long-term savings. Savings accounts are good places to keep money that you will not need to access on a daily basis. For example, enterprise profits that will not be used until the end of a fiscal year or only in the case of emergencies.

The advantages of a savings account is that it typically offers interest rates that allow the enterprise to earn a small return on the money it keeps there (although usually less than 1%). The disadvantages of a savings account is that you may need a minimum amount to open the account, and you may need to maintain a minimum balance (and you may be charged extra fees if you don't).

2. Checking Account

A checking account is best for keeping money that is used for daily or monthly financial purposes. Checking accounts come with checkbooks that contain *checks* you can use to pay vendors for goods and services and *deposit slips* that can be use to make deposits to your checking account. Later in the financial module we will talk about how to use a checkbook to make payments and deposits.

<u>How to Open a Bank Account</u>

To open a bank account there are different requirements depending on the country, but some potential requirements include:

- The name of the enterprise has to be registered in the government institution or legal entity that is in charge of business registration in the country
- A minimum deposit to open the bank account
- A minimum balance (especially with savings accounts)
- Commercial References: Names of persons that know you and your enterprise

Bank accounts should be registered in the name of the enterprise rather than in the name of individual enterprise members, and should also have more than one account "holders" or owners. Solimar suggests that the account holders include the enterprise member who is in charge of financial accounting for the enterprise, and the enterprise Manager.

The options for the two account holders include:

1. Option A: The account is in two people's names, so both have to register their signatures. They

need the two signatures on the checks to withdraw money or pay vendors.

2. Option B: The account is in two people's names, but to withdraw money or pay vendors only one of the signatures is required.

The documents that individuals may need to present to become account holders include:

3. Personal identification
4. Voter registration card
5. Recent water, electricity, phone bills
6. Family references
7. Professional references

Tips:

- It is important to choose a bank that has a lot of branches in the country
- It is important that the enterprise members who have authorized signatures are available and do not travel a lot

Quiz:

- What are the advantages of having a bank account? Name three.
- What is the difference between a savings account and a checking account?
- What are the account holder/owner requirements to open a bank account in your country?
- What do you need to open a bank account in the name of the business?

Production:

Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- Managers & Mentors discuss and define:
    - Who within the enterprise will be account holders/owners
    - Which bank they will open an account(s)
    - A list of required documents and information they need to open an account(s)
- Managers & Mentor also define in their Work Plan when they plan on opening their bank account(s)

<u>After the course:</u>

- Managers & Mentors complete the steps to open their bank account(s)

2.5 Managing Reservations

Overview:
Within this chapter, we will discuss:

- How to provide good customer service when managing reservations
- Reservation systems, and how they are used in the travel industry
- How and when to issue an **Sales Invoice** to a client
- The type of information that is recorded on **Reservation Forms**
- How to use **Reservation Calendars** to manage reservations
- Proper "Email Etiquette"

Materials:
- Large poster paper for practice activities
- **Sales Invoice** template
- **Reservation Form** template
- **Reservation Calendar** template
- Process Map and Email Etiquette hand outs for the Manger's **Operations Manuals**

Time:
4 hours

Trainer Notes:
1. This lesson plan introduces some basic reservation systems that can be developed either on any computer with basic software (MS Office or Mac iCal) or with pen and paper. It's important for the trainers to have a good idea of which way they are going to teach it prior to the class.
2. Trainers need to come prepared to this lesson with both the reservation form and invoice blank templates (included at the end of this chapter) printed up for all of the students to do the practice activities.

Icebreaker: Pass the Message
Since this chapter is about good communications, the icebreaker will be "Pass the Message". Everyone sits in a circle, and the facilitator whispers a phrase or message into the ear of someone in the circle. That person then needs to whisper the same phrase into the ear of the next person. The message will likely change as it is passed from one person to the next. When it gets to the final person in the circle, they announce the message and the group sees how close the final message is to the original message.

Presentation: Managing Reservations and Sales Invoices

Tourism is a service industry, and the success of your enterprise depends heavily on the quality of the customer service you provide your clients. Those clients begin determining if they are going to buy your tour product the very first moment they have direct contact with your enterprise. Many times, this is when they make an inquiry or reservation by phone, email, or in person.

The quality of the response you give a client when they make an inquiry or reservation is very important. By quality….what exactly to we mean? Well, so examples of a quality response include:

- Prompt: In today's digital world, people expect a response almost immediately when they contact an enterprise with an inquiry or reservation. Client emails should be immediately responded to with an automated response (see example). An actual reply from a real person should be sent **within 24 hours if not sooner.** Clients will normally contact multiple enterprises when researching and planning a trip. A quick response shows professionalism and reliability. This goes for intermediaries as well. Agents and Operators need to feel confident in your service as they are entrusting you with their clients. Being prompt in your responses shows that your enterprise is organized. Furthermore, if one of your competitors responds before you, there is a good chance you will lose that business.
- Professional: When corresponding with clients keep the tone and style of your responses professional, yet welcoming. Avoid being overly familiar, using abbreviations, slang and sloppy grammar. Check your responses for spelling errors and typos before sending off an email. With instant messaging, keep the same light but professional tone.
- Informative & Complete: The response should address any questions the client had included in their original email. When responding to inquiries ask questions, be engaged, and repeat client requests back to them to confirm that you understood correctly.
- Personalized: This is *very* important. If the client receives a response that looks "cut and pasted" or is anonymously addressed to "Dear sir/madam" rather than the name of the client, they will feel like they are not being treated as a unique and valued client.
- Positive & Enthusiastic!: Once again, the clients first impression and experience with the enterprise will be through the response they receive to their email/inquiry. Therefore, it's very important that the response is positive and enthusiastic.

Email responses to inquiries should include the following:

1. Thank client for their interest in your destination and enterprise
2. Briefly explain who you are and describe the type of services provide
3. Briefly detail how you operate, including when reservations and payments need to be made, your methods of payment and any other relevant information.
4. Ask the necessary questions needed to better profile the client and request.
5. Reservations Manager contact details

When speaking on the phone or Skype, answer calls in this manner:

> *"Good [morning, afternoon, evening]! Thank you for calling [name of your enterprise], my name is [your name]. How may I help you today?"*

Continue your conversation in a friendly and helpful tone of voice, and as with email responses, ask any relevant questions to learn as much as possible about the client, and explain as much as you can about your enterprise. You may also ask for an email address and if it is ok to contact the client via email. If

he/she agrees then you can follow up your phone conversation with an email.

Efficient Follow-up

Follow-up is an important part of customer service that helps to secure sales and strengthen relationships with your clients. It's a chance for you to learn more about a client and gauge their interest as well as showing the client that you value their business. Here are some guidelines for efficient follow-up throughout the sales process:

During the Sales Process—send a follow-up email thanking the client for their interest and provide them with any information that still needs to be covered. End your email by letting them know you are awaiting their response to complete the booking process, and thanking them for their interest in your enterprise.

After the Sale is complete—send an email confirming the reservations. Offer to answer any questions they might have leading up to their trip. This is also a good opportunity for you to invite the client to "like" you on Facebook, where they can see all of your interesting content before they leave for their vacation

After the trip is complete—send an email thanking the client for patronizing your enterprise. This is another opportunity for you to invite them to follow on your social media outlets and to participate on them by posting photos, articles or stories about their experiences. If you haven't done so already, this is also a chance to ask for feedback and any suggestions they might have towards improving your service—especially before they broadcast any grievances on TripAdvisor!

Figure 18: Efficient Email Etiquette

At the end of this chapter you will find "25 Tips for Better Email Etiquette" which should be read by any enterprise staff members you are in direct communications with clients.

Process: Managing Reservations and Sales Invoices

Step 1: Review the client inquiry

Let's first take a look at an example email inquiry from a client. This email is typical for a tourism enterprise. The client is telling us what tour product he is interested in, when he wants to go, and how many people (pax) are in the group.

The client also has a couple of questions about the tour that will help him decide if he will buy the tour from Rainforest Tours.

From: simonjones@gmail.com
Subject: **Rainforest Hike Tour**
Date: March 2, 2011 12:13:00 PM EST
To: sales@rainforesttours.com

Dear Rainforest Tours,

I am interested in booking your "Rainforest Hike" tour. We are a group of 4 people (all bird watchers), and we'd like to do the tour on March 28th. We are staying at the Playa Dorada Hotel. But I have a few questions about the tour before we make a reservation. How long is the hike? Does the guide speak English? Can you help arrange transportation to/from our hotel? Do you accept credit cards?

Simon Jones

Step 2: Send Auto Reply

Even if an actual sales person can't immediately respond to a client inquiry, it's important that the client receives some kind of confirmation that his message has been received by the enterprise.

Most email services (e.g. Gmail, Yahoo, Hotmail, etc.) offer an "auto reply" option in which any email you received is automatically responded to with an auto reply message that you can create.

In our example, you can see the auto reply email that the client received from Rainforest Tours. It states they've received the message, they will reply within 24 hours, and they appreciate the client's interest.

From: autoreply@rainforesttours.com
Subject: **[Auto Reply] Rainforest Hike Tour**
Date: March 2, 2011 12:13:20 PM EST
To: simonjones@gmail.com

Thank you for contacting Rainforest Tours. We have received your email, and will be responding to you within the next 24 hours. We appreciate your interest, and look forward to meeting your travel needs.

Sincerely,
Rainforest Tours

This is an auto reply confirming the receipt of your message.
Please do not reply to this email.

Step 3: Send Personalized Reply

Obviously, the next step is for the sales person or Manager from the enterprise to respond to the client as quickly and completely as possible (again, within 24 HOURS). Let's take a quick look at how "Rainforest Tours" responded to this client inquiry about the "Rainforest Hike" tour:

From: sales@rainforesttours.com
Subject: **Re: Rainforest Hike Tour**
Date: March 2, 2011 4:28:09 PM EST
To: simonjones@gmail.com

Dear Simon,

Greetings from Rainforest Tours! My name is Claudia and I'd be happy to answer your questions about our "Rainforest Hike" tour.

- Tour Length: The tour is five hours and begins and ends at our ecolodge. The shuttle from Playa Dorada Hotel to our lodge is 30 minutes each way, so including that overland travel the entire tour is 6 hours. You depart your hotel at 7am, and you return to your hotel at 1pm.
- Guides: Yes, all of our naturalist guides speak English in addition to their vast knowledge of forest animals, plants, and local culture.
- Hotel Transportation: We'd be happy to arrange the shuttle from your hotel to our ecolodge for the tour. The cost per person for the shuttle is $10 round-trip, and we can include that in the total price of your tour.
- Tour Payment: Unfortunately, we don't accept credit cards. But we do accept cash wire transfers.

I also wanted to let you know that we do have availability for your 4-person group on March 28th. To confirm your reservation you need to pay the total amount ($140) at least seven days prior to the tour. I can provide you with the cash wire transfer information when you are ready to make that payment. Please feel free to ask me any other questions you might have about the tour…and we look forward to sharing our wonderful rainforest with you!

Sincerely,
Claudia Gomez – Sales Manager, Rainforest Tours

Step 4: Respond to any additional inquiries from the client:

If the sales person did their job well, then we should be hearing back from the client. Looks like she did, because the next day Rainforest Tours received the following message:

From: simonjones@gmail.com
Subject: **Re: Re: Rainforest Hike Tour**
Date: March 3, 2011 9:13:30 AM EST
To: sales@rainforesttours.com

Dear Claudia,

Thanks for all of the information on the tour. I'd like to go ahead and reserve and pay the $140 for the 4-person "Rainforest Hike" tour and also the hotel shuttle. Please send me the wire transfer information, and we look forward to our tour on March 28th.

Simon Jones

Great, we have a reservation!

Step 4: Issue a **Sales Invoice**

Once our client has indicated that he/she wants to reserve and/or pay for a product or service, the next step is for the enterprise to issue them a **Sales Invoice.** A **Sales Invoice** is used to summarize the product/service that a client has indicated they want to buy, and how much it will cost.

Definition: "Sales Invoice"
A Sales Invoice is a statement of what a client owes for products or services.

Definition: "Sales Receipt"
A Sales Receipt is a statement of what a client has paid for products or services.

Warning: Sales Invoice vs. Sales Receipt

It's very easy to confuse a **Sales Invoice** with a **Sales Receipt**, but the difference is clear. A **Sales Invoice** is what is issued before the client pays, and a **Sales Receipt** is issued after a client has paid. Be aware, not every transaction requires an invoice. For example, if a client walks into an enterprise's office and buys a tour, then there is no reason to add the extra step of issuing a **Sales Invoice.** You can just give the client a **Sales Receipt** after they've paid in that situation. But if the client is not making a purchase in-person, is going to take more time and defer the payment until a later date, or if they need to have more formal documentation (like in the case of our client Simon Jones and his wire transfer), then a **Sales Invoice** may be needed.

The legal requirements for invoices may differ slightly from country to country, but most often include:

- The name, logo, and contact information (email, phone, address) of the *enterprise*
- The name of the enterprise staff person completing the invoice
- An invoice number
- The date the invoice was completed
- The name and contact information (email, phone, address) of the *client*
- A description of the products/services
- The total costs of the products/service (including tax)
- The total amount paid to date
- The total amount due
- Any special conditions of the invoice (e.g. how long the invoice is valid, invoice payment due date)

Let's look at Rainforest Tours' invoice for the client Simon Jones.

We can see that Claudia from Rainforest Tours has entered all of the important information related to Simon's tour on

Sales Invoice

Client	Date
Simon Jones simonjones@gmail.com	3/3/11
	Invoice Number
	214
	Staff Person
	Claudia

Rainforest Tours
Rainforest Tours
6a. Av. 32-04, Zona 1
Guatemala, C.A.
+502.2345-6000
sales@rainforesttours.com
NIT: 453-233-9077

Description	Units	Unit Price	Total Price
Rainforest Hike - 3/28/11	4	$25.00	$100.00
Round-trip Ground transportation from Playa Dorada Hotel - 3/28/11 – 7am Pick Up, 1pm Drop Off	4	$10.00	$40.00

Please Note:
- *Total tour payment is due seven (7) days prior to tour to confirm your reservation.*
- *This invoice is valid for sixty (60) days from the date it is issued.*

Sub Total	$140.00
Tax	$0.00
Amount Paid	$0.00
Balance	**$140.00**

Thank you…we appreciate your business

Figure 19: Sales Invoice

the **Sales Invoice**. Now Simon has a document that summarizes the tour he has requested, the total amount he needs to pay, and other important information related to the reservation and payment process.

The next step is to simply send the client the **Sales Invoice**, as well as any additional information they need to complete the reservation or payment process.

We can see below the final email that Claudia from Rainforest Tours sends to the client, along with the **Sales Invoice**.

From: sales@rainforesttours.com
Subject: **Re: Rainforest Hike Tour**
Date: March 3, 2011 2:34:02 PM EST
To: simonjones@gmail.com

Dear Simon,

It's wonderful to hear that you will be joining us for the Rainforest Hike on March 28th. I am also very interested in birds, and that tour is one of my favorites! Eduardo, our guide for that tour, is one of the best bird guides in the country.

I have attached your tour sales invoice to this email that summarizes your tours and prices. To make your tour payment, please make an international wire transfer using the following account information:

Bank: Citibank
Address: 8a. Av. 22-01, Zona 1, Guatemala, C.A.
Telephone: +502.2345-6000
ABA/SWIFT: ABA 021000034 / SWIFT CITIGT34
Account Number: 36236598
In the Name of: Rainforest Tours

Once we receive the payment, I will send you a confirmation email, as well as your paid invoice and a voucher for your tour. Once again, we look forward to seeing you on March 28th, and if you have any questions in the mean time please don't hesitate to contact me.

Sincerely,
Claudia Gomez – Sales Manager, Rainforest Tours

Practice: Discussion

1. What do you think about the response from Claudia the Sales Manager? What did she do correctly? What could she have done better?

Practice: Managing Reservations and Issuing Sales Invoices

2. Have the Managers each pair up with a Mentor. The Mentors will play the part of a client and the Manager will a sales person. Have them act out a phone call where a client calls the sales person and asks questions about the tour products, prices, payment options, etc. If it helps, give the Mentors small "scripts" with who they are supposed to be and what to ask…but the main point is for each of the Managers is to practice using some of the communications skills they've learned here.
3. Next, have the Managers complete a **Sales Invoice** on a large piece of poster paper for the tour that they have "sold" to the Mentor/client. The Mentor can help if needed, but at the end…each Manager stands up with their **Sales Invoice** and explains to the class what tour they sold.

Presentation: Reservation Form

In tourism enterprises one of the most important systems to have in place is a reservation system. Reservations can be made directly by individual clients (like Simon) or by other travel representatives that we work with (such as a travel agent or another tour operator). Depending on the reservation and payment policies of your enterprise (something we'll discuss later), you may only accept reservations after a payment has been made, or you may accept reservations without prior payment.

In our example, Simon has confirmed his reservation by paying the tour cost in full (which he paid through a wire transfer), so we are ready to enter his information into our reservation system. What are some of the types of information we need to collect and manage with our reservations system? Well, we use a **Reservation Form** to collect and manage the following reservation information:

1. Client name and number of pax
2. Important dates (reservation date, tour date)
3. Tour products and extra services needed (see below)
4. Contact information for the client (email, phone)
5. Agreed upon price of the tour (per pax, per group)
6. Payment method, deposit paid, and remaining balance
7. Client hotel and pick up instructions (if applicable)
8. Any special considerations for the client (see below)
9. Which enterprise staff took the reservation, and when
10. Who sold the tour, and if they are to receive a commission

Extra Services: The **Reservation Form** includes a section on "Extra Services" that might be requested by the client that is not included in the normal package such as ground transportation or extensions to the tour.

Special Considerations: The **Reservation Form** includes a section that indicates "Special Considerations" for the client such a dietary needs (vegetarian or diabetes), client special requests (child-sized life jacket or extra binoculars) or client special interests (avid bird watcher, interested in trying local foods).

The **Reservation Form** should be filed electronically or physically in order to have a record in case there is a problem with the tour or the payments. The following is an example of a reservation form.

In this example, we can see that Claudia from Rainforest Tours has

Reservation Form

Rainforest Tours

Name	Simon Jones
Pax	4
Tour	Rainforest Hike
Date	3/28/11
Pax Contact Info	simonjones@gmail.com
Tour Price	$25.00 per pax / $100.00 for 4 pax
Extra Services	Ground transportation for 4 pax from Playa Dorada Hotel
Extra Services Price	$10.00 per pax / $40.00 for 4 pax
Total Price	$140.00
Payment method	Cash (Wire Transfer)
Deposit Paid	$0.00
Balance Remaining	$140.00
Pick Up Location	Playa Dorada Hotel – 7am
Special Considerations	Very interested in bird watching!
Reservation Date	3/3/11
Reservation Made By	Claudia
Sold By	Claudia
Commission	N/A
Commission Paid	N/A

Figure 20: Reservation Form

filled out a **Reservation Form** for Simon Jones. We can see that the reservation form includes all of the important information we need to record.

Presentation: Reservation Calendar

Now that you have all of the important reservation information in your **Reservation Form**, the next step is to transfer that information to a **Reservation Calendar.** A **Reservation Calendar** allows you to see all of your reservations and arrivals based on the dates of the tours. This is important because each tour requires certain resources (staff, equipment, lodging, etc.), all of which have limits. As a Manager, you need to always be aware of how many clients you have on your tours each day so you can be sure to balance those resources.

Process: Reservation Calendar

Step 1: Create a Reservations Calendar

The first step you need to take is to create a **Reservation Calendar.** Now, there are many types of computer software you can buy to manage your reservations, but they are often very expensive (especially for a small tourism enterprise). Therefore, here are some ideas on cheaper options.

Figure 21: Microsoft Outlook Calendar

You can do this the "old fashioned" way by simply printing or making a monthly calendar for you to write your reservation information (if you do this, we recommend a large, poster-sized piece of paper that has lots of space). Or, you can use the calendar program on a computer to enter and save your reservation information. This is actually quite easy to do, so let's look at how we can use Microsoft Outlook to enter the information from our **Reservation Form**.

Step 1: Enter Reservation Form Information

Once you open Outlook and get to the month you want to enter a reservation, click on "Appointment" to create a new appointment (in this case, that appointment is a reservation).

Figure 22: Outlook "Appointment" Function

Now you can enter the specific information from your **Reservation Form.** In the appointment "Subject" field, enter the basic information about the reservation: the client name, the tour, and the number of pax (in this case: Jones – Rainforest Tour – 4 Pax). That way when you look at the monthly calendar, you may not see all of the information for each tour, but you will see the most important information about each tour.

But we do need to include all of the information from the **Reservation Form** in the **Reservation Calendar**, and there is an easy way to do it. In the "appointment" box, you usually have a space to enter "notes" about your appointment. Simply cut and paste the information from your **Reservation Form** directly into that "notes" space. That way, you have all of the information in your calendar, and when

you need to update the reservation information (for example, if the client makes a payment) you can simply click on the appointment/reservation and make those changes. By doing this, you have basically transferred your **Reservation Form** to your **Reservation Calendar**, and therefore should only use the information in the calendar to make any changes/updates to that reservation.

Below, you can see how our **Reservation Form** information was transferred to the calendar appointment.

Once we "Save and Close" our new appointment/reservation, we can see how it appears on the monthly calendar.

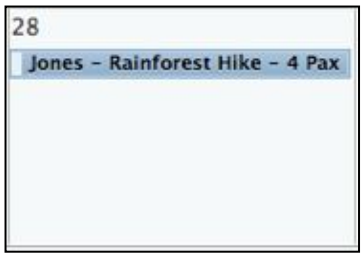


Figure 24: Outlook "Appointment"

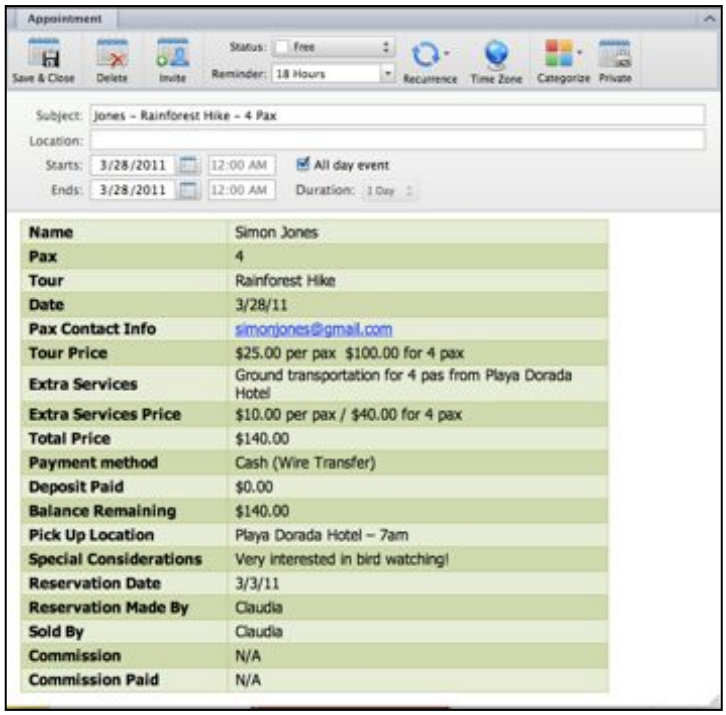


Figure 23: Reservation Form in Outlook

Now imagine you've received five more reservations for that same month, some for day trips and some for multiday trips. For each one of them you've entered all of the **Reservation Form** information. Let's take one last look at the **Reservation Calendar** to see how easy it is to see all of our upcoming reservations.

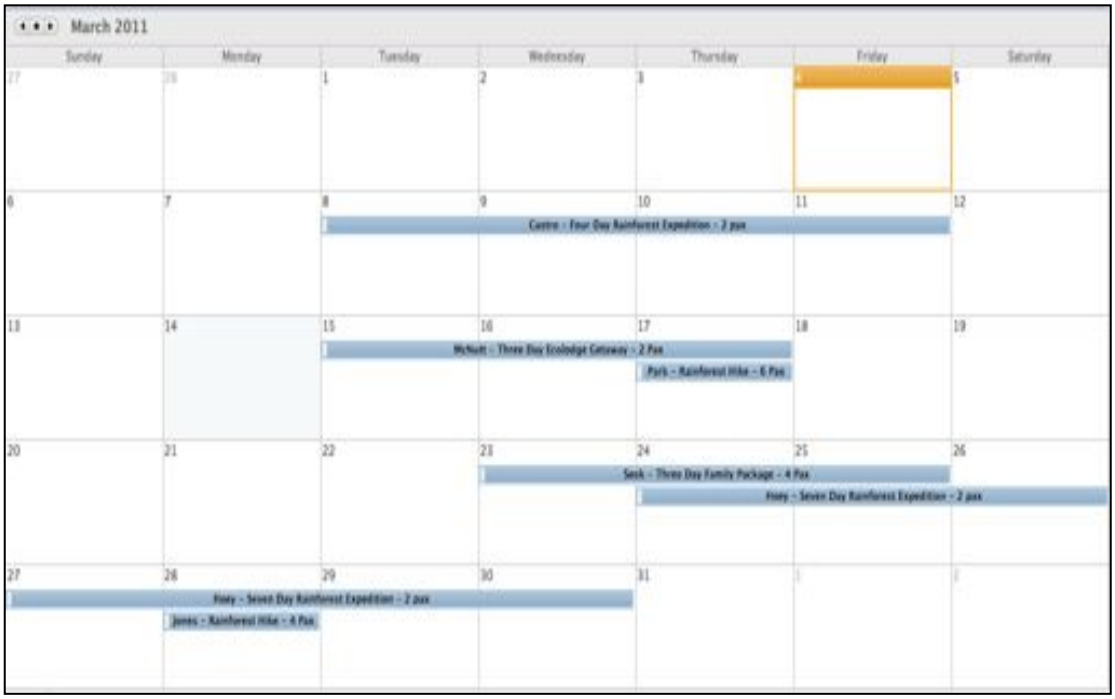


Figure 25: Completed Reservation Calendar

Warning!
No matter what system you use, it's important that you enterprise knows which reservation form or calendar to update when needed. Be careful not to have more than one version of the reservation information.

Practice:
Using the **Reservation Form** template found at the end of this chapter, Managers fill them out using the following client data:

- Mr. Fred King and three friends (Mr. King plus three more pax) has booked a snorkeling tour with your enterprise to the Marine Sculptures on August 2nd, 2011. The tour is $ 25.00 per person and includes lunch. Mrs. King is a vegetarian and does not eat beef. Mr. King is going to pay with a credit card, a Visa, in person when he does the tour on August 2nd. They are at the Coyaba Hotel. They also booked a transfer to the airport on August 10th which is $10.00 per person. The tour was sold by Maria, a travel agent at City Travel, and they were paid a $20.00 commission for the total sale. His email is fredking@ibm.com

- Mr. Jerry Chandler x 4, (Mr. Chandler plus 4 more pax) booked a tour to go on the Birdwatching Tour on October 31st 2011. The tour is $ 30.00 a person and includes lunch. Three persons are vegetarian; they don't eat any beef or chicken, but they will eat fish. They have to be picked up at King's Bed and Breakfast. They already paid a deposit of 50% by cash (wire transfer) and they are going to pay the rest in cash the day of their tour. They have requested an English-speaking guide. Your company sold the tour directly, and no one is receiving a commission. Jerry's phone number in the United States is (540) 330-7867.

Production:
Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- Managers and Mentors sit down at a computer (or with pen and paper) and write some general text that a sales person can use in emails and phone responses to client inquiries. These should include:
    - Text to include in the "auto reply" message
    - A general "opening" that welcomes the client and introduces the sales person and enterprise
    - A short description (3-4 sentences) of each of their tour products
    - A short description of the enterprise's payment options
    - A short "closing" that thanks the client for their interest

<u>After the course:</u>

- Managers and Mentors set up their own reservations system. These steps need to include:
    - Establishing an email account specifically for the enterprise to use for sales and reservations
    - Setting up the "auto reply" function for that email
    - Developing an enterprise **Reservation Form**
    - Developing an enterprise **Reservation Calendar** using either a computer system or the old-fashioned system of pen and paper
    - Finalizing the sales person's email/phone text (started above)

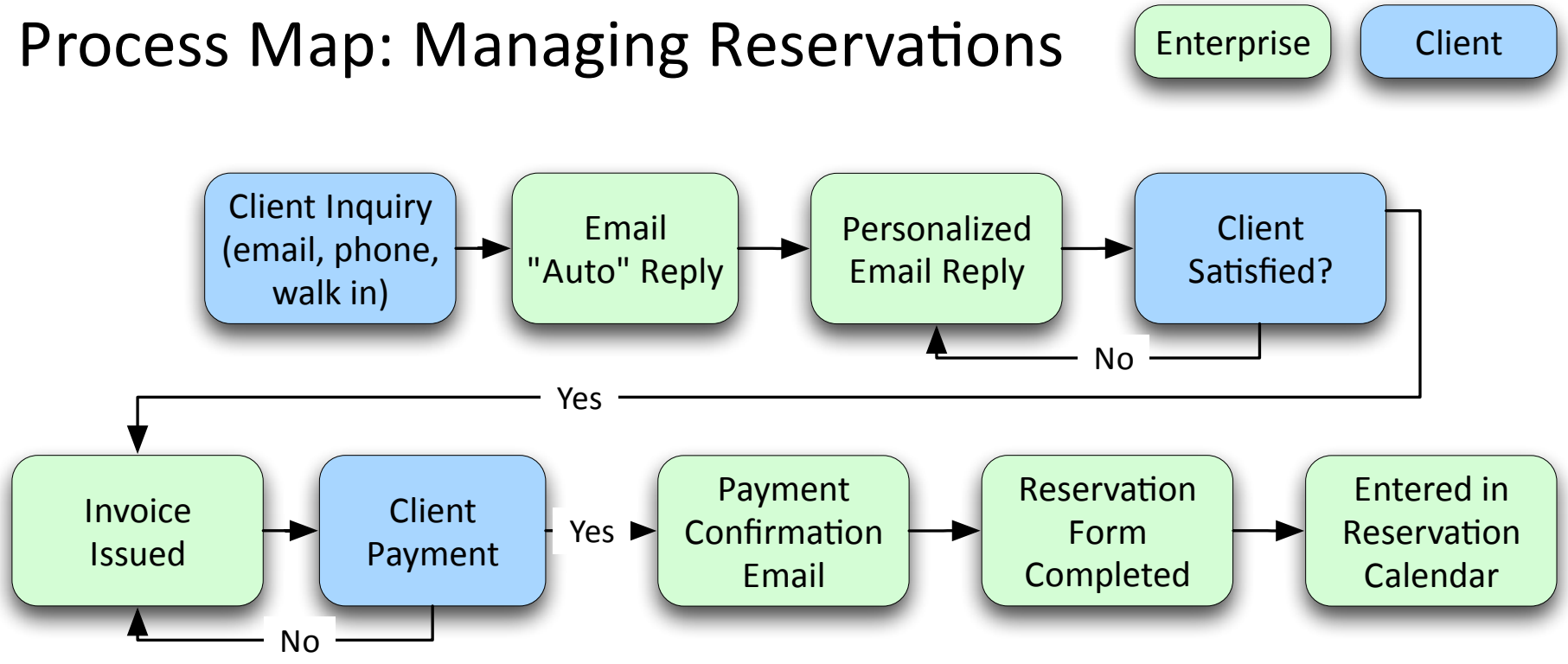


Figure 26: Process Map for Managing Reservations

Sales Invoice

Client

Date
Invoice Number
Staff Person

ENTERPRISE LOGO HERE

Enterprise Name
Enterprise Address 1
Enterprise Address 2
Enterprise Phone (office/fax/cell)
Enterprise Email
Enterprise Legal Number

Description	Units	Unit Price	Total Price

Please Note:

Sub Total	
Tax	
Amount Paid	
Balance	

Thank You…We Appreciate Your Business

Figure 27: Sales Invoice Template

Reservation Form

Rainforest Tours

Name	
Pax	
Tour	
Date	
Pax Contact Info	
Tour Price	
Extra Services	
Extra Services Price	
Total Price	
Payment Method	
Deposit Paid	
Balance Remaining	
Pick Up Location	
Special Considerations	
Reservation Date	
Reservation Made By	
Sold By	
Commission	
Commission Paid	

Figure 28: Reservation Form Template

25 Tips for Better Email Etiquette

1. Be concise and to the point.
Do not make an e-mail longer than it needs to be. Remember that reading an e-mail is harder than reading printed communications and a long e-mail can be very discouraging to read.

2. Answer all questions, and pre-empt further questions.
An email reply must answer all questions, and pre-empt further questions – If you do not answer all the questions in the original email, you will receive further e-mails regarding the unanswered questions, which will not only waste your time and your customer's time but also cause considerable frustration. Moreover, if you are able to pre-empt relevant questions, your customer will be grateful and impressed with your efficient and thoughtful customer service. Imagine for instance that a customer sends you an email asking which credit cards you accept. Instead of just listing the credit card types, you can guess that their next question will be about how they can order, so you also include some order information and a URL to your order page. Customers will definitely appreciate this.

3. Use proper spelling, grammar & punctuation.
This is not only important because improper spelling, grammar and punctuation give a bad impression of your company, it is also important for conveying the message properly. E-mails with no full stops or commas are difficult to read and can sometimes even change the meaning of the text. And, if your program has a spell checking option, why not use it?

4. Make it personal.
Not only should th1e e-mail be personally addressed, it should also include personal i.e. customized content. For this reason auto replies are usually not very effective. However, templates can be used effectively in this way, see next tip.

5. Use templates for frequently used responses.
Some questions you get over and over again, such as directions to your office or how to subscribe to your newsletter. Save these texts as response templates and paste these into your message when you need them. You can save your templates in a Word document, or use pre-formatted emails.

6. Answer swiftly.
Customers send an e-mail because they wish to receive a quick response. If they did not want a quick response they would send a letter or a fax. Therefore, each e-mail should be replied to within at least 24 hours, and preferably within the same working day. If the email is complicated, just send an email back saying that you have received it and that you will get back to them. This will put the customer's mind at rest and usually customers will then be very patient!

7. Do not attach unnecessary files.
By sending large attachments you can annoy customers and even bring down their e-mail system. Wherever possible try to compress attachments and only send attachments when they are productive. Moreover, you need to have a good virus scanner in place since your customers will not be very happy if you send them documents full of viruses!

8. Use proper structure & layout.
Since reading from a screen is more difficult than reading from paper, the structure and lay out is very important for e-mail messages. Use short paragraphs and blank lines between each paragraph. When making points, number them or mark each point as separate to keep the overview.

9. Do not overuse the high priority option.
We all know the story of the boy who cried wolf. If you overuse the high priority option, it will lose its function

when you really need it. Moreover, even if a mail has high priority, your message will come across as slightly aggressive if you flag it as 'high priority'.

10. Do not write in CAPITALS.
IF YOU WRITE IN CAPITALS IT SEEMS AS IF YOU ARE SHOUTING. This can be highly annoying and might trigger an unwanted response in the form of a flame mail. Therefore, try not to send any email text in capitals.

11. Don't leave out the message thread.
When you reply to an email, you must include the original mail in your reply, in other words click 'Reply', instead of 'New Mail'. Some people say that you must remove the previous message since this has already been sent and is therefore unnecessary. However, I could not agree less. If you receive many emails you obviously cannot remember each individual email. This means that a 'threadless email' will not provide enough information and you will have to spend a frustratingly long time to find out the context of the email in order to deal with it. Leaving the thread might take a fraction longer in download time, but it will save the recipient much more time and frustration in looking for the related emails in their inbox!

12. Read the email before you send it.
A lot of people don't bother to read an email before they send it out, as can be seen from the many spelling and grammar mistakes contained in emails. Apart from this, reading your email through the eyes of the recipient will help you send a more effective message and avoid misunderstandings and inappropriate comments.

13. Do not overuse Reply to All.
Only use Reply to All if you really need your message to be seen by each person who received the original message.

14. Mailings > use the Bcc: field or do a mail merge.
When sending an email mailing, some people place all the email addresses in the To: field. There are two drawbacks to this practice: (1) the recipient knows that you have sent the same message to a large number of recipients, and (2) you are publicizing someone else's email address without their permission. One way to get round this is to place all addresses in the Bcc: field. However, the recipient will only see the address from the To: field in their email, so if this was empty, the To: field will be blank and this might look like spamming. You could include the mailing list email address in the To: field, or even better, if you have Microsoft Outlook and Word you can do a mail merge and create one message for each recipient. A mail merge also allows you to use fields in the message so that you can for instance address each recipient personally. For more information on how to do a Word mail merge, consult the Help in Word.

15. Take care with abbreviations and emoticons.
In business emails, try not to use abbreviations such as BTW (by the way) and LOL (laugh out loud). The recipient might not be aware of the meanings of the abbreviations and in business emails these are generally not appropriate. The same goes for emoticons, such as the smiley :-). If you are not sure whether your recipient knows what it means, it is better not to use it.

16. Do not forward chain letters.
Do not forward chain letters. We can safely say that all of them are hoaxes. Just delete the letters as soon as you receive them.

17. Do not request delivery and read receipts.
This will almost always annoy your recipient before he or she has even read your message. Besides, it usually does not work anyway since the recipient could have blocked that function, or his/her software might not support it, so what is the use of using it? If you want to know whether an email was received it is better to ask the recipient to let you know if it was received.

18. Do not ask to recall a message.

Biggest chances are that your message has already been delivered and read. A recall request would look very silly in that case wouldn't it? It is better just to send an email to say that you have made a mistake. This will look much more honest than trying to recall a message.

19. Do not copy a message or attachment without permission.
Do not copy a message or attachment belonging to another user without permission of the originator. If you do not ask permission first, you might be infringing on copyright laws.

20. Do not use email to discuss confidential information.
Sending an email is like sending a postcard. If you don't want your email to be displayed on a bulletin board, don't send it. Moreover, never make any libelous, sexist or racially discriminating comments in emails, even if they are meant to be a joke.

21. Use a meaningful subject.
Try to use a subject that is meaningful to the recipient as well as yourself. For instance, when you send an email to a company requesting information about a product, it is better to mention the actual name of the product, e.g. 'Product A information' than to just say 'product information' or the company's name in the subject.

22. Avoid using URGENT and IMPORTANT.
Even more so than the high-priority option, you must at all times try to avoid these types of words in an email or subject line. Only use this if it is a really, really urgent or important message.

23. Avoid long sentences.
Try to keep your sentences to a maximum of 15-20 words. Email is meant to be a quick medium and requires a different kind of writing than letters. Also take care not to send emails that are too long. If a person receives an email that looks like a dissertation, chances are that they will not even attempt to read it!

24. Keep your language gender neutral.
In this day and age, avoid using sexist language such as: 'The user should add a signature by configuring his email program'. Apart from using he/she, you can also use the neutral gender: ''The user should add a signature by configuring the email program'.

25. Use cc: field sparingly.
Try not to use the cc: field unless the recipient in the cc: field knows why they are receiving a copy of the message. Using the cc: field can be confusing since the recipients might not know who is supposed to act on the message. Also, when responding to a cc: message, should you include the other recipient in the cc: field as well? This will depend on the situation. In general, do not include the person in the cc: field unless you have a particular reason for wanting this person to see your response. Again, make sure that this person will know why they are receiving a copy.

Source: www.emailreplies.com

2.6 Receiving Payments

Overview:
Within this chapter, we will discuss:

- The overall steps to manage and document receiving payments
- How and why to issue a sales receipt when you receive a payment for a product or service
- How and why to issue a tour voucher to a client

Materials:
- Large poster paper for practice activities
- **Sales Receipt** template
- **Sales Receipt** template
- **Voucher** template
- Caluculators

Time:
2 hours

Trainer Notes:
- Once again, it will be important to have blank receipts and vouchers printed up for the practice activities.

Presentation: Receiving Payments

In the last chapter our enterprise "Rainforest Tours" successfully sold a tour to a client, sent a **Sales Invoice** to solicit a payment for the tour, and then received the payment via a cash wire transfer the enterprise's bank account.

Whether a payment is made by cash, check, or credit card – in person or via the Internet – the next important step to is properly document that payment. By completing this step, both the enterprise and the client will have a written record of the transaction.

There are two ways to record a payment to the enterprise.

1. Update Your **Sales Invoice** to "**PAID**": If you've issued a **Sales Invoice** to a client (like we did with Simon), and then late that client *pays* the invoice, then you simply update the **Sales Invoice** to reflect that payment.
2. Issue a **Sales Receipt**: A **Sales Receipt** contains the same information as an **Sales Invoice,** but it's used when a client makes an *immediate purchase* (for example, a walk-in client). We use a **Sales Receipt** when the reservation or purchase and the payment happen at the same time.

Process: Updating Sales Invoice to "PAID"

Step 1: Update **Sales Invoice**

Our client Simon Jones has paid the **Sales Invoice** that we sent him via a cash wire transfer. We need to now update the same **Sales Invoice** we sent him to reflect this payment. To do this, we simply update the "Amount Paid" and "Balance" fields with the payment amount, and then we mark the invoice as **"PAID".** We then send the client a copy of this **PAID Sales Invoice** and print up a second copy for our own records.

Let's take a look at the original **Sales Invoice** (on the left) and the **PAID Sales Invoice** (on the right). We can see that the "Amount Paid" and the "Balance" fields have been updated, and the **Sales Invoice** is clearly marked as **PAID.**

Sales Invoice

Client	Date
Simon Jones simonjones@gmail.com	3/3/11
	Invoice Number
	214
	Staff Person
	Claudia

Rainforest Tours
Rainforest Tours
6a. Av. 32-04, Zona 1
Guatemala, C.A.
+502.2345-6000
sales@rainforesttours.com
NIT: 453-233-9077

Description	Units	Unit Price	Total Price
Rainforest Hike - 3/28/11	4	$25.00	$100.00
Round-trip Ground transportation from Playa Dorada Hotel - 3/28/11 – 7am Pick Up, 1pm Drop Off	4	$10.00	$40.00

Please Note:
- *Total tour payment is due seven (7) days prior to tour to confirm your reservation.*
- *This invoice is valid for sixty (60) days from the date it is issued.*

Sub Total	$140.00
Tax	$0.00
Amount Paid	$0.00
Balance	**$140.00**

Thank you…we appreciate your business

Sales Invoice

Client	Date
Simon Jones simonjones@gmail.com	3/3/11
	Invoice Number
	214
	Staff Person
	Claudia

Rainforest Tours
Rainforest Tours
6a. Av. 32-04, Zona 1
Guatemala, C.A.
+502.2345-6000
sales@rainforesttours.com
NIT: 453-233-9077

Description	Units	Unit Price	Total Price
Rainforest Hike - 3/28/11	4	$25.00	$100.00
Round-trip Ground transportation from Playa Dorada Hotel - 3/28/11 – 7am Pick Up, 1pm Drop Off	4	$10.00	$40.00

PAID

Please Note:
- *Total tour payment is due seven (7) days prior to tour to confirm your reservation.*
- *This invoice is valid for sixty (60) days from the date it is issued.*

Sub Total	$140.00
Tax	$0.00
Amount Paid	$140.00
Balance	**$0.00**

Thank you…we appreciate your business

Figure 29: Non-Paid vs. Paid Sales Invoice

Process: Issuing a Sales Receipt

Remember, a **Sales Receipt** is used when a client makes an *immediate purchase* (for example, a walk-in client). We use a **Sales Receipt** when the reservation or purchase and the payment happen at the same time.

Step 1: Develop a **Sales Receipt**

A **Sales Receipt** contains the same information as a **Sales Invoice.** Let's take a look at Rainforest Tours' blank sales receipt, as well as one that's been completed.

Step 2: Enter **Sales Receipt** information:

Looks like our client, Simon Jones, decided to buy some Rainforest Tours hats and other last-minute items for his tour (batteries, sunblock). Because this was an *immediate purchase* (he walked into the office, picked out what he wanted to buy, and paid the bill) we used a **Sales Receipt** rather than a **Sales Invoice.**

Sales Receipt Rainforest Tours — Rainforest Tours 6a. Av. 32-04, Zona 1 Guatemala, C.A. +502.2345-6000 sales@rainforesttours.com / NIT: 453-233-9077

Client	Receipt Number
	Date
	Staff Person

Description	Units	Unit Price	Total Price

☐ Cash ☐ Check ☐ Credit Card

Sub Total	
Tax	
Total	

Thank You…
We Appreciate Your Business

Sales Receipt Rainforest Tours — Rainforest Tours 6a. Av. 32-04, Zona 1 Guatemala, C.A. +502.2345-6000 sales@rainforesttours.com / NIT: 453-233-9077

Client	Receipt Number
Simon Jones	138
	Date
	3/28/11
	Staff Person
	Francisco

Description	Units	Unit Price	Total Price
Rainforest Tours Hat	3	$15.00	$45.00
"AA" Batteries	1	$4.25	$4.25
Sunblock	1	$7.50	$7.50

☑ Cash ☐ Check ☐ Credit Card

Sub Total	$56.75
Tax	$0.00
Total	$56.75

Thank You…
We Appreciate Your Business

Figure 30: Blank vs. Completed Sales Receipt

Practice:

1. Managers and Mentors pair up and once again the Mentors act like clients who are making immediate purchases that require a **Sales Receipt**. As the Mentors list what they want to buy (merchandise, sundries, whatever), the Managers fill out a **Sales Receipt** for the client. Go through this process 2-3 or times so the Managers get comfortable entering the information. This can be done with the small, printed **Sales Receipt** template found at the end of this chapter.

Presentation: Issuing Vouchers

Vouchers are used in tourism as proof of a client's purchase of a product or service at a specific time and place. When an enterprise sells a "package" tour, that tour contains a number of products and services (such as guides, lodging, transportation, food, etc.) that are often provided by other tour enterprises.

Let's look at our example with Simon Jones. Mr. Jones bought the "Rainforest Hike" tour from the enterprise, but he also requested transportation from his hotel to the ecolodge where the tour begins. That transportation is operated by an enterprise that partners with Rainforest Tours, not by Rainforest Tours them. But the reservation and payment for that transportation is being handled by Rainforest Tours (who will in turn have to pay the transportation company eventually).

In this example, Rainforest Tours will give Mr. Jones a **Voucher** that he can then give to the transportation company that proves he has paid for that service (in this case, he paid Rainforest Tours).

Therefore, **clients use Vouchers** as proof of purchase for tour products and services.

You may be asking yourself…"Why do we need **Vouchers** when we have already given Mr. Jones a **PAID Sales Invoice?**" (which is also proof of purchase for tour products and services). That's a great question…and there's a great answer! Within a package tour, a client may have paid for *many* different tour products and services (such as lodging, food, transportation, etc.) with a different enterprises or service providers. But the client only has *one* **Sales Invoice**. By creating **Vouchers**, the client has proof of each tour product or service that's a part of the package tour.

Definition: "Voucher"
Clients use vouchers as proof of purchase for tour products and services.

Many enterprises or service providers collect the **Voucher** from the client (in our example, the hotel transportation enterprise will collect the **Voucher** from Mr. Jones), and then that **Voucher** becomes proof that the enterprise that sold the tour (in our example, Rainforest Tours) owes that money to the enterprise that provided the product or service listed on that **Voucher.** The entire process looks like this:

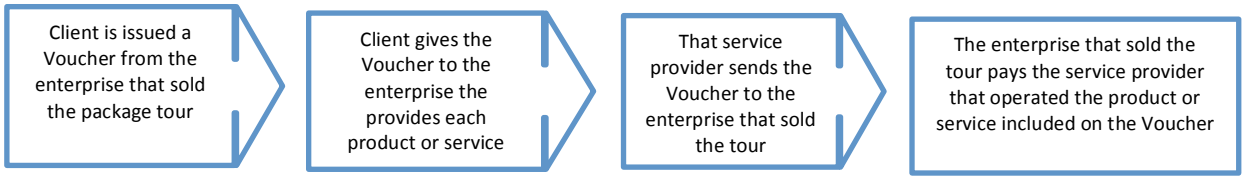


Figure 31: Process of Issuing a Voucher

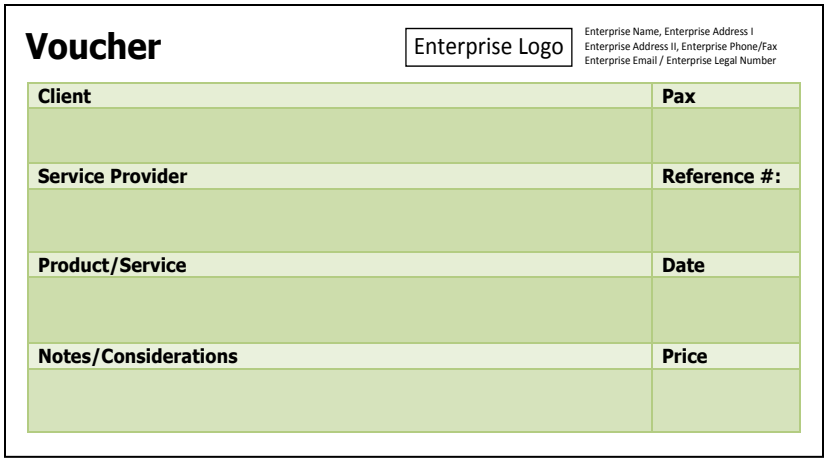
Process: Issuing a Voucher

Step 1: Develop a **Voucher**

First, let's look at what kind of information needs to be include on a **Voucher.** Much of that information is similar to what was included on the **Reservation Form. Vouchers** should include:

2. The name, logo, and contact information of the *enterprise issuing the **Voucher***
3. The name of the *client*, and the number of *pax*
4. The name and contact information of the *enterprise providing the **Voucher** products or services*
5. A *description* of the **Voucher** products or services (including dates)
6. The total *price* of the **Voucher** products or services
7. Any additional *notes or considerations* for the client or for the enterprise providing the **Voucher** products or services
8. A *reference or reservation number* (if applicable)

Here you will find a sample **Voucher:**



Voucher

Enterprise Logo

Enterprise Name, Enterprise Address I
Enterprise Address II, Enterprise Phone/Fax
Enterprise Email / Enterprise Legal Number

Client	Pax
Service Provider	**Reference #:**
Product/Service	**Date**
Notes/Considerations	**Price**

Figure 32: Blank Voucher

Step 2: Enter **Voucher** information:

Next, let's take a look at the information that Rainforest Tours has entered into the **Vouchers** they've issued to Mr. Jones for both the hotel transportation and also the "Rainforest Hike" tour:

You can see that both **Vouchers** have similar information to what was entered into the **Reservation Form,** but also include some additional important details for both the client and the service providers.

As stated earlier, Mr. Jones will hand these **Vouchers** over each enterprise as proof that he's paid for these products and services, and then those enterprises will use the **Vouchers** as a way to document money they need to pay, or money that is owed to them.

Voucher

Rainforest Tours

Rainforest Tours 6a. Av. 32-04, Zona 1
Guatemala, C.A. +502.2345-6000
sales@rainforesttours.com / NIT: 453-233-9077

Client	**Pax**
Simon Jones	4
Service Provider	**Reference #:**
Maya Shuttle Services Phone: +502.4598-2000	23598
Product/Service	**Date**
Round-trip ground transportation from Playa Dorada Hotel -– 7am Pick Up, 1pm Drop Off	3/28/11
Notes/Considerations	**Price**
Clients should be ready and waiting in hotel lobby five minutes prior to pick up, trip is approximately 30 minutes each way	$40.00

Voucher

Rainforest Tours

Rainforest Tours 6a. Av. 32-04, Zona 1
Guatemala, C.A. +502.2345-6000
sales@rainforesttours.com / NIT: 453-233-9077

Client	**Pax**
Simon Jones	4
Service Provider	**Reference #:**
Rainforest Tours	214
Product/Service	**Date**
Rainforest Hike Tour	3/28/11
Notes/Considerations	**Price**
Guide is English-speaking, clients very interested in birding	$100.00

Figure 33: Sample Completed Vouchers for a Client

Practice: Issuing Vouchers

1. Managers and Mentors go back to the **Sales Invoices** the completed in the earlier practices and together fill out as many **Vouchers** as necessary to document all of the products and services included in those tours.

Production:

Manager/Mentor tasks to complete their Operations Manual:

During the course:

- Mentors review any of the steps of this chapter that the Managers did not understand

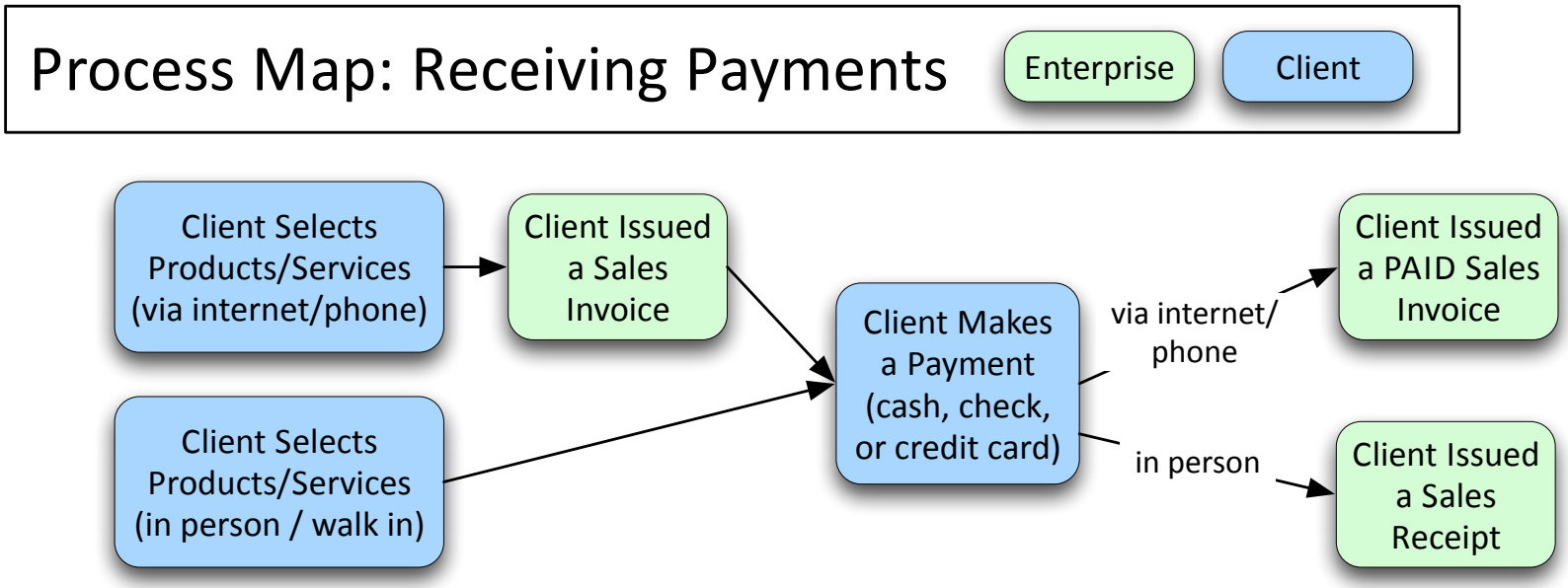
After the course:

- Managers and Mentors develop their documentation to receive payments These steps include:

- Developing an enterprise **Sales Invoice**
- Developing an enterprise **Sales Receipt**
- Developing an enterprise **Voucher**

Quiz:

1. What are the two different types of documentation that you can use to document receiving a payment?
2. Name the two steps you need to complete to change an unpaid **Sales Invoice** to a **PAID Sales Invoice**?
3. In what situation would you use a **Sales Receipt** rather than a **Sales Invoice** to document receiving a payment?
4. Name FIVE different types of information that need to be included all of the financial documentation we reviewed in this chapter (**Sales Invoices, Sales Receipts,** and **Vouchers**)
5. Give three reasons why tourism enterprises use **Vouchers?**



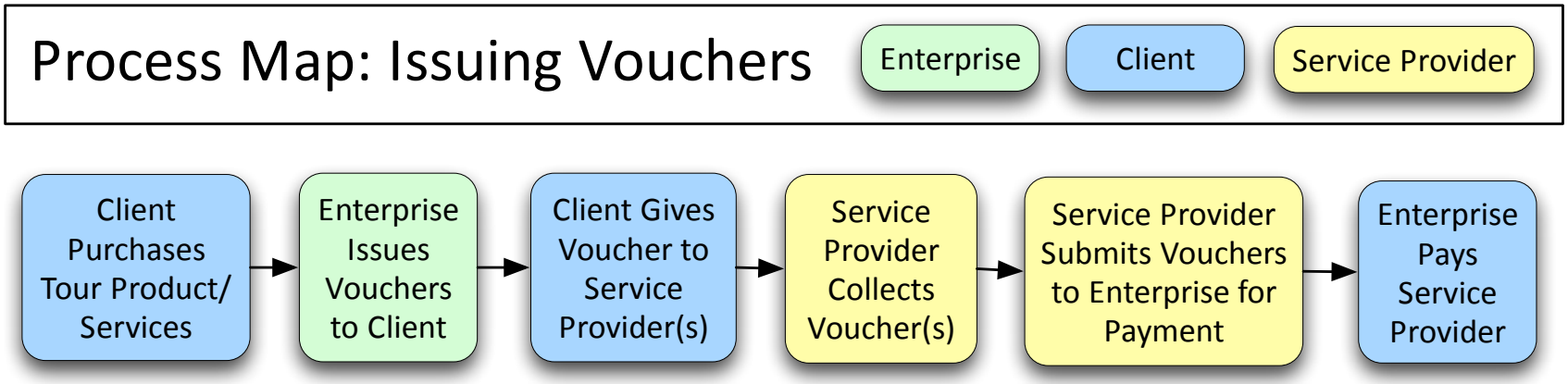


Figure 34: Process Maps - Receiving Payments and Issuing Vouchers

Voucher

Enterprise Logo

Enterprise Name, Enterprise Address I
Enterprise Address II, Enterprise Phone/Fax
Enterprise Email / Enterprise Legal Number

Client	Pax
Service Provider	**Reference #:**
Product/Service	**Date**
Notes/Considerations	**Price**

Voucher

Enterprise Logo

Enterprise Name, Enterprise Address I
Enterprise Address II, Enterprise Phone/Fax
Enterprise Email / Enterprise Legal Number

Client	Pax
Service Provider	**Reference #:**
Product/Service	**Date**
Notes/Considerations	**Price**

Voucher

Enterprise Logo

Enterprise Name, Enterprise Address I
Enterprise Address II, Enterprise Phone/Fax
Enterprise Email / Enterprise Legal Number

Client	Pax
Service Provider	**Reference #:**
Product/Service	**Date**
Notes/Considerations	**Price**

Figure 35: Voucher Templates

2.7 Service Orders

Overview:
Within this chapter, we will discuss:

- What is a **Service Order**, and how is it used
- How to transfer important tour information from the **Tour Cost/Price Sheet** to the **Service Order**

Materials:
- **Service Order** template
- Calculators

Time:
4 hours

Presentation

You've successfully sold a tour to a client…congratulations! Now, the next important step is to communicate the products and services that are included in that tour (the information that goes into the **Tour Cost/Price Sheet**) to the enterprise staff that will need to provide those products and services.

Remember, we divide these products and services into five overall categories that typically capture everything that goes into a tour package. These categories include staff, transportation, lodging, food, and extras:

STAFF	TRANSPORTATION	LODGING	FOOD	EXTRAS
• Guides • Cooks • Waiters • Performers • Artisans • Housekeepers • Boat/Shuttle Drivers • Managers • Accountants • Security	• Gas (for boats or vehicles) • Boat/vehicle rental • Oil • Road Tolls	• Soap/shampoo • Cleaning products • Decoration (fresh flowers, etc.) *Please note: many "lodging" costs (such as sheets, towels, etc.) are considered indirect operational costs, not direct tour costs.*	• Food: meat, vegetables, etc. • Beverages: water, soda, beer, etc. • Supplies need for food preparation: oil, seasoning, etc.	• Performers (music, dance, etc.) • Artisans • Entrance fees • Tickets • Donations • Any additional costs outside of the other four categories

Figure 36: Common Direct Costs

Within the **Tour Cost/Price Sheets** you've identified which of these different products and services go into each of your tour packages, so we already have all of the information we will need to transfer over to the **Service Order**.

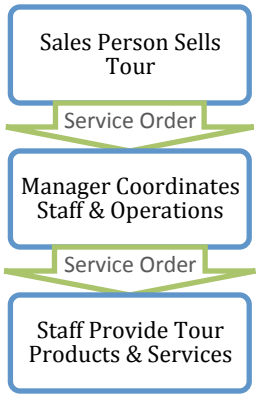


Figure 37: Service Order Process

Why Do We Need a **Service Order**?

The reason that we need a **Service Order** is because there are many people involving in selling and operating a tour. First, the enterprise Sales Person sells the tour to a client. Next, a General Manager or an Operations Manager might be responsible for informing the various enterprise staff (such as guides, boat drivers, etc.) of their role in the tour. Finally, those enterprise staff need to know exactly what products and services they are responsible to provide to the client. There are a LOT of people involved…and a **Service Order** is a great tool to communicate important information to everyone.

Process: Completing a Service Order

Every enterprise is different, but it is likely that either the Sales Person or a Manager is responsible for the following process of completing a **Service Order.**

Step 1: Transfer information from **Tour Cost/Price Sheet** to the **Service Order:**

Let's begin by looking at the **Tour Cost/Price Sheet** that we developed earlier for the "Rainforest Hike" tour.

As you can see, we have four tour "items" or costs associated with this tour: a guide, a boat driver, boat gas, and a boxed lunch. This is a simple tour, and should be easy to enter into our **Service Order**.

We have 4 pax on the tour, so we get the numbers from this column

Tour Cost/Price Sheet: Rainforest Hike

		NUMBER OF PAX											
TOUR ITEMS		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Staff: Guide		25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Staff: Boat Driver		20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Transportation: Boat Gas		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Food: Boxed Lunch		5.00	10.00	15.00	20.00	25.00	30.00	35.00	40.00	45.00	50.00	55.00	60.00
TOUR COSTS	***Formula***												
Total Tour Costs	*=sum of all tour items*	60.00	65.00	70.00	75.00	80.00	85.00	90.00	95.00	100.00	105.00	110.00	115.00
Tour Costs per Pax	*=total tour costs / number of pax*	60.00	32.50	23.33	18.75	16.00	14.17	12.86	11.88	11.11	10.50	10.00	9.58

Figure 38: Tour Cost/Price Sheet Info Entered into the Service Order

With the **Service Order**, we will enter in "projected" cost information before the tour, and then we will enter "actual" cost information during and after the tour. The cost information we take from the **Tour Cost/Price Sheet** is entered into the "projected" columns of our **Service Order**. These are our expected tour costs.

PROJECTED TOUR COSTS

1. Enter Basic Tour Information: First, we enter the basic tour information (client, tour, pax, price, date, tour #) into the top part of the **Service Order**. This is information we get from the **Reservation Form.**

2. Enter Tour Items and Projected Costs: Next, we enter the tour items that might go into any of the five overall categories (staff, transportation, lodging, food, or extras) as well as the projected cost information for each that we get from the **Tour Cost/Price Sheet**.

3. Enter Sub Totals: Next, enter the sub total of the projected costs for each of the five overall categories.

4. Enter Totals: Next, add up the category subtotals and enter them in the "TOTAL" box at the bottom of the **Service Order**. As a reminder, let's review where these "TOTAL" numbers come from:
   - *TOTAL Tour Revenue:* This is the price we are charging our client for the entire tour.
   - *TOTAL Tour Costs:* This is the total of all of the projected tour costs.
   - *TOTAL Tour Profit:* This is the TOTAL tour revenue minus the TOTAL tour costs.
   - *TOTAL Profit Margin:* This is the TOTAL tour revenue divided by or TOTAL tour revenue/price.

5. Enter Any Tour Notes/Considerations: The **Service Order** also has a space to enter any additional information related to the tour or clients that is important to communicate to the enterprise staff.

Figure 39: Process for Entering Projected Tour Costs into the Service Order

SERVICE ORDER

Rainforest Tours

1.

Client:	Simon Jones	**Pax:**	4	**Date:**	3/28/11
Tour:	Rainforest Hike	**Price:**	$100.00	**Tour #:**	128

2.

STAFF	Staff Signature	Projected	Actual	Notes
Guide		$ 25.00		
Boat Driver		$ 20.00		
	3. SUB TOTAL	$ 45.00		

2.

TRANSPORTATION	Projected	Actual	Notes
Boat Gas	$ 10.00		
3. SUB TOTAL	$ 10.00		

2.

LODGING	Projected	Actual	Notes
3. SUB TOTAL			

2.

FOOD		Projected	Actual	Notes
Meals:	4 Boxed Lunch	$ 20.00		4 pax x $5.00 per lunch
	3. SUB TOTAL	$ 20.00		

2.

EXTRAS	Projected	Actual	Notes
3. SUB TOTAL			

5.

Tour Notes/Considerations:
- Clients very interested in bird watching!
- Clients don't speak Spanish

4.

TOTAL	Projected	Actual
Tour Revenue	$ 100.00	
Tour Costs	$ 75.00	
Tour Profit	$ 25.00	
Profit Margin	25%	#VALUE!

Manager Signature: **Date:**

Administrator Signature: **Date:**

Figure 40: Service Order Example

Step 2: Communicate information from the **Service Order** to enterprise staff:

With your tour **Service Order** complete, the next step is to share it with the enterprise staff who are responsible for operating the tour. This can be done many different ways (by phone, in person, etc.) but the main point of the **Service Order** is that everyone is aware of the information it contains. Therefore, keep it in a location where any/all staff can easy access it.

Practice:

- Using the **Service Order** template that is included at the end of this chapter, Managers and Mentors sit down and fill out a **Service Order** for the following tour
  - The client's name is Jascivan Carvalho, and he is arriving with five friends (6 pax total). They want to do the "One-Day Canopy Tour" on January 22, 2012. The tour number is #312. Two of the pax are vegetarians, but will eat fish.
- Afterwards, facilitate a discussion with the group that explores what made sense, what was confusing. Be sure to address any questions or concerns.

Tour Cost/Price Sheet: Canopy Tour

		NUMBER OF PAX											
TOUR ITEMS		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Transportation: Vehicle rental		50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	100.00	100.00	100.00	100.00
Transportation: Vehicle gas (5 gallons)		24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	48.00	48.00	48.00	48.00
Staff: Guide		30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	60.00	60.00	60.00	60.00
Park Entrance Fee		5.00	10.00	15.00	20.00	25.00	30.00	35.00	40.00	45.00	50.00	55.00	60.00
Canopy Tour Ticket		10.00	20.00	30.00	40.00	50.00	60.00	70.00	80.00	90.00	100.00	110.00	120.00
Food: Breakfast		4.00	8.00	12.00	16.00	20.00	24.00	28.00	32.00	36.00	40.00	44.00	48.00
Food: Lunch		6.00	12.00	18.00	24.00	30.00	36.00	42.00	48.00	54.00	60.00	66.00	72.00
Staff: Cook		20.00	20.00	20.00	20.00	20.00	20.00	40.00	40.00	40.00	40.00	40.00	40.00
Staff: Manager		40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Staff: Administator		25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
TOUR COSTS	***Formula***												
Total Tour Costs	*=sum of all tour items*	214.00	239.00	264.00	289.00	314.00	339.00	384.00	409.00	538.00	563.00	588.00	613.00
Tour Costs per Pax	*=total tour costs / number of pax*	214.00	119.50	88.00	72.25	62.80	56.50	54.86	51.13	59.78	56.30	53.45	51.08
TOUR PRICES	***Formula***												
Price per Pax **(20% profit margin)**	*=tour costs per pax / 1 - profit margin*	267.50	149.38	110.00	90.31	78.50	70.63	68.57	63.91	74.72	70.38	66.82	63.85
Final Price per Pax	*=price equal to or greater than price per pax*	270.00	150.00	110.00	110.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
TOUR PROFIT	***Formula***												
Profit per Pax	*=final price per pax - tour costs per pax*	56.00	30.50	22.00	37.75	17.20	23.50	25.14	28.88	20.22	23.70	26.55	28.92
Profit per Group	*=profit per pax * total pax*	56.00	61.00	66.00	151.00	86.00	141.00	176.00	231.00	182.00	237.00	292.00	347.00
Profit Margin	*=proft per pax / final price per pax*	21%	20%	20%	34%	22%	29%	31%	36%	25%	30%	33%	36%

Figure 41: Tour Cost/Price Sheet for "Canopy Tour" Practice Activity

Let's take a look at the completed **Service Order** for the Canopy Tour.

SERVICE ORDER

Client:	Jascivan Carvalho	**Pax:**	6	**Date:**	1/22/12
Tour:	One-Day Canopy Tour	**Price:**	$480.00	**Tour #:**	312

Rainforest Tours

STAFF	Staff Signature	Projected	Actual	Notes
Guide		$ 30.00		
Cook		$ 20.00		
Manager		$ 40.00		
Administrator		$ 25.00		
	SUB TOTAL	**$ 115.00**		

TRANSPORTATION	Projected	Actual	Notes
Vehicle Rental	$ 50.00		
Vehicle Gas (5 gallons)	$ 24.00		
SUB TOTAL	**$ 74.00**		

LODGING	Projected	Actual	Notes
SUB TOTAL			

FOOD		Projected	Actual	Notes
Meals:	5 Breakfast, 5 Lunch	$ 60.00		6 Breakfast x $4/meal = $24.00, 6 Lunch x $6/meal = $36.00
SUB TOTAL		**$ 60.00**		

EXTRAS	Projected	Actual	Notes
Park Entrance Fees	$ 30.00		
Canopy Tour Tickets	$ 60.00		
SUB TOTAL	**$ 90.00**		

Tour Notes/Considerations:
- 2 pax vegetarians, but will eat fish.

TOTAL	Projected	Actual
Tour Revenue	**$ 480.00**	
Tour Costs	**$ 339.00**	
Tour Profit	**$ 141.00**	
Profit Margin	**29%**	

Manager Signature: **Date:**

Administrator Signature: **Date:**

Figure 42: Completed Service Order - Canopy Tour

Tourism Tip!
As you can see in this example, the enterprise has entered the Manager and Administrator salaries in as direct tour costs rather than indirect operating costs. In this example, the Manger (who is responsible for coordinating the staff, tour logistics, the clients) is paid a one-time daily salary whenever the enterprise sells this tour, rather than fixed monthly or annual salary. Same with the Administrator, who is paid a one-time daily salary for his or her job of managing and recording the tour financial information and money.

The benefits of paying managerial staff this way is that it reduces the fixed indirect operational costs of the enterprise, which can be very important for a new enterprise. By paying managerial staff only when there is work to be done (i.e. when a tour is booked) just like everyone else, it means that the enterprise is not paying staff when there *isn't* work to be done.

Now, there is obviously a lot of work that managerial staff can do when an enterprise is not operating a tour…such a promoting the enterprise with clients and sales partners, training staff members, developing new products, etc. And in many cases a fixed monthly or annual salary makes a lot of sense for managerial staff. But limiting fixed indirect costs (like salaries, rent, etc.) is smart business, and in the end may increase the year-end profit that can be shared by many.

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the course:
- Managers and Mentors practice by developing at least five **Service Orders** for the various tour products that their specific enterprise is offering.

After the course:
- Train the enterprise Administrator on all financial procedures covered in this chapter.

SERVICE ORDER

Client:		Pax:		Date:	
Tour:		Price:		Tour #:	

ENTERPRISE LOGO HERE

STAFF	Staff Signature	Projected	Actual	Notes
	SUB TOTAL	$ -	$ -	

TRANSPORTATION	Projected	Actual	Notes
SUB TOTAL	$ -	$ -	

LODGING	Projected	Actual	Notes
SUB TOTAL			

FOOD	Projected	Actual	Notes
Meals:			
SUB TOTAL	$ -		

EXTRAS	Projected	Actual	Notes
SUB TOTAL	$ -	$ -	

Tour Notes/Considerations:

TOTAL	Projected	Actual
Tour Revenue	$ -	
Tour Costs	$ -	
Tour Profit	$ -	
Profit Margin		

Manager Signature: Date:

Administrator Signature: Date:

Figure 43: Service Order Template

2.8 Making Payments

Overview:
Within this chapter, we will discuss:

- How to make and document payments to vendors for both *direct tour costs* and *indirect operational costs*
- How to manage and document the use of "petty cash" for cash payments
- How to complete the **Service Order** following a tour
- How to write and record check payments

Materials:

- Blank petty cash vouchers for practice activities
- Blank receipts for practice activities
- Blank checks for practice activities

(all templates included at the end of this chapter)

Time:
4 hours

Presentation: Making Tour Payments

The enterprise has sold a tour, prepared a **Service Order** for that tour, and now we need to begin organizing and paying for all of the staff, food, transportation, and other costs associated with operating that tour. Therefore, we need to learn how to make payments.

There are many important things we need to keep in mind when we are making payments…but four of the most important things are:

1. It's never a good idea for only one person to be responsible for money and financial reporting.
2. Always document any money taken from petty cash with a "petty cash voucher"
3. Always be aware of the projected costs of your tour (which are included on the **Service Order**) and always try and keep your actual costs the same or lower than your projected costs. Otherwise, the higher cost you pay will come from your profit, and that will reduce your profit margin.
4. Always document your payments by asking for a receipt from the vendor. If the vendor does not have receipts…then you will need to make a "field receipt" to document that purchase.

Presentation: Petty Cash

Let's use the "One Day Canopy Tour" example to explore the idea of petty cash. Our **Service Order** for that tour tells us we have six clients coming, and $339.00 in projected direct tour costs for staff, food, etc.

The Manager, or the person responsible for managing the operations of the tour, will need money to pay for those tour costs before, during, or after the actual tour. As we will learn later…most of the enterprise's money (profit) should be kept in a secure location such as a bank. But it is also often important to keep some cash "on site" for day-to-day expenditures. We call this money "petty cash", and it is normally a smallest amount possible that still allows the enterprise to pay for typical daily or weekly cash expenditures of the enterprise.

Definition: "Petty Cash"
The amount of cash that an enterprise has on hand/on site to pay for expenditures

The enterprise's Administrator typically manages petty cash. The Administrator is a community or enterprise staff member who is not likely a certified accountant (although they could be). The role of the Administrator is to help to manage the financial reporting for the enterprise as well as the petty cash. By having at least one other individual involved in the enterprise's financial procedures and reporting (besides the Manager), it helps to create a "check and balance" system that reduces financial risk and liability of single individuals, reduces the risk of money being mismanaged, and creates "redundancy" in the financial procedures that helps to minimize financial errors.

Why have an Administrator and an Accountant? In many countries, it will still be necessary for the enterprise to hire a legal accountant on a temporary, monthly basis to help submit financial information for tax purposes. Why does an enterprise still need an Administrator?

1. Checks & Balances: Without the Administrator, most enterprises would only have *one* person (the Manager) responsible for the profit (cash) and the financial documentation (Service Orders, receipts*).* This is neither advisable nor acceptable. Sound financial systems REQUIRE checks and

balances. In this case, it means having **more than one person** responsible for the enterprise's cash and financial documentation.

2. Liability: By having at least two people involved in the internal management of the enterprise's finances, liability does not fall on only one person. In this way, if money is honestly misplaced or incorrectly entered, there is more than one person who can explain the circumstances.

Process: Petty Cash

1. Solicit funds from petty cash:

The Manager will need to request funds from petty cash to help pay for the $339.00 in costs for the canopy tour (Rainforest Tours tries to keep its petty cash amount around $500.00). The Manager shows the Administrator the **Service Order** as proof of the upcoming tour, and requests an amount that is the same or slightly higher than the *projected costs* of the tour. In this case, the Manager will request $350.00 from the Administrator.

2. Administer provides cash and Manager signs a petty cash voucher:

When the Administrator gives the Manger the $350.00 in cash, he also writes out a "Petty Cash Voucher" which is a record of the amount of money lent. The voucher should include the date, the petty cash amount, the description of the petty cash requirement (what it is being used for), and signatures of both the person who approved it and the person who received it.

PETTY CASH VOUCHER

Date:	1/22/12
Petty Cash Amount:	$350.00
Description of Requirement:	One-Day Canopy Tour - #312 - Carvalho - 5 pax
Approved By:	Jaime Audino
Received By:	Julio Vasquez

Figure 44: Petty Cash Voucher Example

3. Administer saves the petty cash voucher:

The Administrator keeps the petty cash voucher in the same place as the remaining petty cash. The combination of petty cash and petty cash vouchers should always equal the standard amount of money kept in petty cash by an enterprise. In this case, Rainforest Tours keeps $500.00 on site in petty cash, so the Administrator should have $150.00 in cash and the $350.00 petty cash voucher…totaling $500.00.

After the tour, once all of the actual tour costs have been paid by the Manager, he/she will give the Administrator any cash remaining from the petty cash they received, as well as all of the receipts for the payments that were made for the tour costs. The total of the remaining cash plus the receipts should equal the amount of the original petty cash that was lent to the Manager. When this is verified and the money and receipts are turned over to the Administrator, the petty cash voucher can be destroyed.

Definition: "Sales Receipt"

A Sales Receipt is a statement of what a client has paid for products or services.

Presentation: Making Payments and Collecting Receipts

Now that the Manager has the cash needed to pay for tour costs, he/she can begin paying for products and services from vendors. As we stated earlier…one of the most important steps of making purchases and payments is to receive a receipt for every purchase made. Without a receipt, the enterprise has no record of its costs.

Practice: Making Payments and Collecting Receipts

1. Pay vendors for tour products & services and get a receipt:

For our One Day Canopy Tour, there are many different costs, including gas. The Manager needs to buy 5 gallons of gas, and we've projected that cost to be $24.00 (according to the

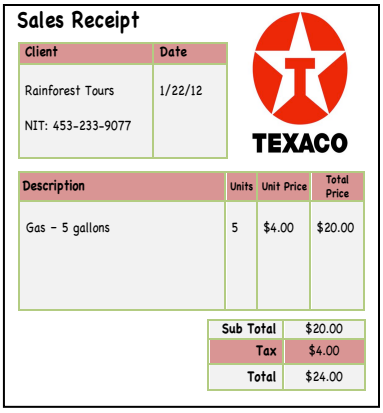
Service Order). The Manager goes to the gas station or vendor, gets the gas, pays for it, and then asks for a receipt…which probably looks something like the traditional receipt picture below.

If the vendor doesn't have receipts, the person making the purchase/payment must use a blank receipt to create a "field receipt" for that purchase. These field receipts need to include the same basic information that a normal sales receipt contains: date, amount, who the purchase is from (vendor), what the purchase is for, who the purchase is going to (buyer), and a signature of the vendor.

Normally, it's easier if the Manger fills in most of the information for the vendor (especially if the vendor isn't used to giving out receipts)…but it's very important that the vendor reviews the receipt, and then signs it to verify the purchase.

Here is an example of what a field receipt would look like from the same gas station if they had no receipts.

The Manger must repeat this process and collect receipts for all of the tour costs on the **Service Order**.



Sales Receipt

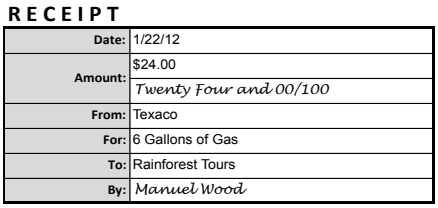
Client	Date
Rainforest Tours NIT: 453-233-9077	1/22/12

TEXACO

Description	Units	Unit Price	Total Price
Gas - 5 gallons	5	$4.00	$20.00

Sub Total	$20.00
Tax	$4.00
Total	$24.00

Figure 46: Traditional Receipt



RECEIPT

Date:	1/22/12
Amount:	$24.00
	Twenty Four and 00/100
From:	Texaco
For:	6 Gallons of Gas
To:	Rainforest Tours
By:	*Manuel Wood*

Figure 46: "Field" Receipt

Presentation: Entering Actual Costs in Service Order

As the Manager makes all of the various tour purchases and payments before, during, and after the tour…it is his/her responsibility to enter the actual tour costs in the **Service Order**. By entering the actual tour costs just to the right of the projected tour costs on the **Service Order**, the Manager is constantly aware if they are spending within the projected budget of the tour. As stated earlier…if the actual costs are *higher* that the projected costs…then that difference will come from the profit of the tour and will lower the profit margin…which is never good!

Process: Entering Actual Costs in the Service Order

Step 1: Enter the actual tour costs on the tour **Service Order:**

Using our One Day Canopy Tour example, the Manger has purchased gas from a vendor and has received a receipt. The Manager can now enter the actual costs in the **Service Order**.

As we can see from the example below, the Manager has entered the gas costs (**in red**) in the "actual" column of the **Service Order**. The Manger has also entered the actual costs of the vehicle rental, which look like they were $5.00 *more* than what the enterprise had projected (maybe only a larger vehicle was available for rental). This may lower the profit because the extra $5.00 cost will have to come from the enterprise profit because Rainforest Tours only charged the clients $50.00 for the vehicle rental. This is a good example of why it's very important to accurately project your costs, as well as why **it's important to monitor your actual vs. projected costs** as you prepare and pay for your tour costs.

TRANSPORTATION	Projected	Actual	Notes
Vehicle Rental	$ 50.00	$ 55.00	
Vehicle Gas (5 gallons)	$ 24.00	$ 24.00	
SUB TOTAL	$ 74.00	$ 79.00	

Figure 47: Actual Transportation Costs Entered into the Service Order

The Manger continues to enter in actual tour costs as he/she makes purchases and collects receipts from vendors.

IMPORTANT! Staff Costs:
An enterprise may choose to fill out a field receipt for every staff person who is paid during a tour. But an option to make this step easier is to simply have the staff person sign the **Service Order** next to their name when they are paid to verify that they have in fact been paid that amount. For example:

STAFF	Staff Signature	Projected	Actual	Notes
Guide	Hector Cabanas	$ 30.00	$ 30.00	
Cook	Carla Constanzo	$ 20.00	$ 20.00	
Manager	Julio Vasquez	$ 40.00	$ 40.00	
Administrator	Jaime Audio	$ 25.00	$ 25.00	
	SUB TOTAL	$ 115.00	$ 115.00	

Figure 48: Actual Staff Costs Entered into the Service Order

We can see in this example that *actual* costs for staff were the same as the *projected* costs, which is good (and is also typical since staff costs/salaries don't usually change as much as costs like gas or food might change).

Step 2: Finalize the tour **Service Order:**
Once the Manager has entered all of the *actual* tour cost information, he/she is ready to TOTAL the tour revenue, tour costs, tour profit, and final profit margin, all of which is located at the bottom of the **Service Order**.

Within our example, we can see that the higher costs of the vehicle rental (plus the slightly higher food costs) has raised our *actual* costs and reduced our *actual* profit by about $8.00 (from $141.00 to $133.90) and our *actual* profit margin has dropped 1%. But overall, our actual profit is within an acceptable range of our projected profit.

Step 3: Organize all the tour **Service Order** documents:
With the tour completed, payments made, and our **Service Order** finalized, the Manager then takes all of the receipts and other financial documentation for the tour and staples or attaches those receipts to the back of the **Service Order.** This way, we have all of the related financial documents together with the **Service Order**.

The final step is for the Manager and the Administrator to review all of the receipts, the cost information, and the final TOTALS. If everything is correct, they both sign and date the **Service Order,** which is then given to the Administrator (along with all of the receipts and the cash if that was the payment method) in preparation for entering it into the enterprise's **Revenue & Expense Journal,** which we will discuss in the next chapter.

Discussion Question:
- What can the enterprise do differently next time to make sure that the actual profits are closer to the projected profits?

SERVICE ORDER

Client:	Jascivan Carvalho	**Pax:**	6	**Date:**	1/22/12
Tour:	One-Day Canopy Tour	**Price:**	$480.00	**Tour #:**	312

Rainforest Tours

STAFF	Staff Signature	Projected	Actual	Notes
Guide	Hector Cabanas	$ 30.00	$ 30.00	
Cook	Carla Constanzo	$ 20.00	$ 20.00	
Manager	Julio Vasquez	$ 40.00	$ 40.00	
Administrator	Jaime Andino	$ 25.00	$ 25.00	
	SUB TOTAL	**$ 115.00**	**$ 115.00**	

TRANSPORTATION	Projected	Actual	Notes
Vehicle Rental	$ 50.00	$ 55.00	Only had larger van available
Vehicle Gas (5 gallons)	$ 24.00	$ 24.00	
SUB TOTAL	**$ 74.00**	**$ 79.00**	

LODGING	Projected	Actual	Notes
SUB TOTAL			

FOOD		Projected	Actual	Notes
Meals:	6 Breakfast, 6 Lunch	$ 60.00	$ 62.10	6 Breakfast x $4/meal = $24.00, 6 Lunch x $6/meal = $36.00
- Produce: $11.28				
- Chicken: $15.50				
- Eggs, cooking oil, vegetables: $ 9.98				
- Drinks: $10.34				
- Tres Leches Cake: $15.00				
	SUB TOTAL	**$ 60.00**	**$ 62.10**	

EXTRAS	Projected	Actual	Notes
Park Entrance Fees	$ 30.00	$ 30.00	
Canopy Tour Tickets	$ 60.00	$ 60.00	
SUB TOTAL	**$ 90.00**	**$ 90.00**	

Tour Notes/Considerations:
- 2 pax vegetarians, but will eat fish.

TOTAL	Projected	Actual
Tour Revenue	**$ 480.00**	**$ 480.00**
Tour Costs	**$ 339.00**	**$ 346.10**
Tour Profit	**$ 141.00**	**$ 133.90**
Profit Margin	**29%**	**28%**

Manager Signature: Julio Vasquez **Date:** 1/22/12

Administrator Signature: Jaime Andino **Date:** 1/22/12

Figure 49: Completed Example Service Order

Presentation: Making Non-Tour Indirect Operational Payments

We've just reviewed how to pay for direct tour costs, but it's important to realize that all tourism enterprises also have costs that they must pay regardless of if they have tours or not. These indirect operational costs are for things like rent, telephone, and promotional materials. These are costs that enterprises must pay simply to exist and to grow.

With any new business, it's in the enterprises best interest to try and minimize indirect operational costs as much as possible. Why?

Well, because indirect operational costs need to be paid regardless of if the enterprise is successfully selling tour products and making a profit or not. If an enterprise is *not* making profit (which is often the case with new businesses) and they still need to pay these indirect operational costs every month or every year…then it's easy to see how an enterprise can quickly run out of money.

But avoiding all indirect operational costs is impossible…so let's take a look at how we make payment for non-tour, indirect operational costs.

Paying indirect operational costs is not that different from paying direct tour costs. The main difference is that a **Service Order** doesn't exist to tell us how much to pay. Rather, enterprises rely on an **Annual Operating Budget** that is developed at the *beginning* of each fiscal year to provide an overall idea of their total projected annual indirect operational costs.

Looking at the example of Rainforest Tour's 2012 **Annual Operating Budget,** we can see that the enterprise has projected a number of indirect costs that they will need to pay throughout the year. As described in the upcoming "Financial Planning: Developing Annual Operating Plans & Budgets" chapter…it's best to develop this type of budget based on the *actual operational costs from the previous year*.

For example, a projected indirect operational cost that Rainforest Tours is expecting in the coming year is "maintenance and repair" costs. Rainforest Tours' costs to repair boats and motors last year was $500…and this year the boats motors are one year older so they have projected that they will have $750 in maintenance and repair costs.

And a good thing they did because, low and behold, in the very first month of the year a propeller on one of their outboard motors needs to be replaced! Let's take a look at how they make that indirect operational payment.

2012 ANNUAL OPERATING BUDGET

Rainforest Tours

INDIRECT COSTS		2012 PROJECTED Operational Costs
Product Development		
Trails		$ 1,000
Lodging		$ 750
Boats		$ -
	TOTAL:	**$ 1,750**
Sales		
FAM trips for new sales partners		$ 800
	TOTAL:	**$ 800**
Marketing & Promotion		
Travel		$ 1,250
Print Promotion		$ 650
Website		$ 450
	TOTAL:	**$ 2,350**
Operations		
Telephone		$ 400
Internet		$ 125
Office Supplies		$ 125
	TOTAL:	**$ 650**
Training		
Guide Training		$ 500
Customer Service Training		$ 50
	TOTAL:	**$ 550**
Infrastructure		
Depreciation		$ 2,556
Maintenance & Repairs		$ 750
	TOTAL:	**$ 3,306**
Conservation & Community Development		
Environmental Education Program		$ 750
Conservation Fund Contributions		$ 1,300
Community Scholarship Fund		$ 500
	TOTAL:	**$ 2,550**
TOTAL INDIRECT COSTS		**$ 11,956**

Figure 50: Example Annual Operating Budget

Process: Making Non-Tour Indirect Operational Payments

Step 1: Determine the cost of the indirect operational payment:

Just like we learned how a tourism enterprise might create and send a potential client a **Sales Invoice** that describes a product or service and the price for that product or service, when we have an indirect operational cost it is often described in an invoice or bill that is provided to the enterprise.

In our example, a motor repairman has provided Rainforest Tours an invoice for $125.00 to repair a broken boat propeller.

If the vendor or service provider cannot give the enterprise an invoice or bill prior to receiving payment, then the enterprise can still make that payment…but it is very important that a receipt (traditional or "field" receipt) is provided by that vendor after they've received the payment.

Sales Invoice

Client: **Rainforest Tours**
NIT: 453-233-9077

Date: **1/25/12**
Invoice Number: **087**
Staff Person: **Diego**

Diego Sanchez
Licensed Mechanic

Description	Units	Unit Price	Total Price
Boat Propeller Repair	**1**	**$125.00**	**$125.00**

Please Note:
- *This invoice is valid for seven (7) days from the date it is issued.*

Sub Total	**$125.00**
Tax	$0.00
Amount Paid	$0.00
Balance	**$125.00**

Figure 51: Sample Sales Invoice

Step 2: Solicit the indirect operational payment from the Administrator:

It is usually the Manager's responsibility to coordinate the actual payment of indirect operational costs, but the Administrator is also involved in the payment process. First, the Administrator and the Manager review the **Annual Operating Budget** as well as the enterprise's bank account balance to determine if the enterprise has enough money to pay for the indirect operational cost.

If the answer is yes, then the Administrator provides the cash (or check) to the Manager to make the indirect operational payment. If the Administrator gives the Manager money from petty cash, then the Manager must provide either an invoice or bill to document the petty cash received, or must complete the petty cash voucher process described earlier in this chapter.

Step 3: Make the direct operational payment to the vendor:

With our example from Rainforest Tours, the Manager and Administrator have determined that they have enough money to pay for the propeller repair, but have also decided to write a check to the motor repairman for the $125.00 invoice (see more on writing checks below).

Step 4: Receive a receipt or paid invoice for the payment:

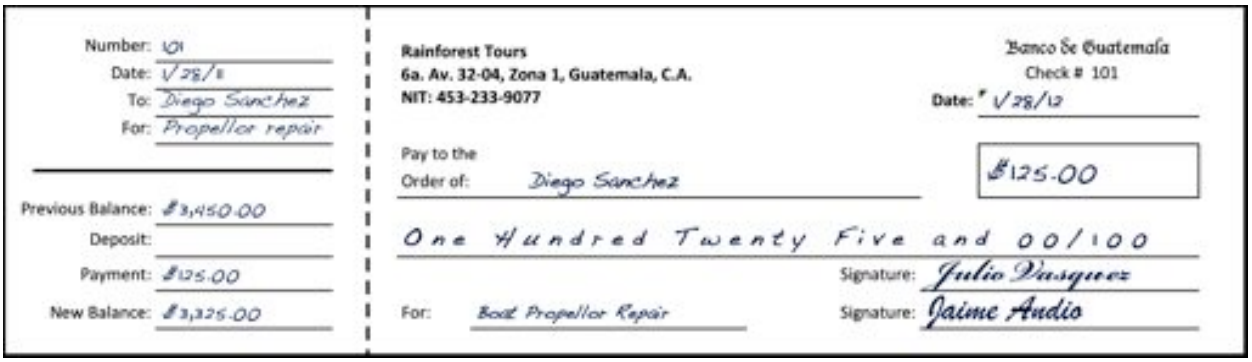
Once the payment is made, the enterprise MUST receive some kind of documentation of that transaction (either a paid invoice, a traditional receipt, or a field receipt). That documentation is then given to the enterprise's Administrator.

The final step to complete the process of making a non-tour indirect operational payment is for the Administrator to enter the transaction into the enterprise's **Revenue & Expense Journal,** which we will discuss in the next chapter.

Writing Checks

As we learned earlier in the "Financial Procedures" module, there are many advantages of opening a checking account at a bank. Being able to write a check for costs (rather than having to always have lots of money on site) and having a documented record of your payment are two of those advantages.

The following check was written to the boat motor repairman for the work he did with the Rainforest Tours propeller. The actual check that the repairman received is on the right, while the left-side "check registry" stub allows the enterprise to enter a record of the transaction that they can keep and use when entering their financial information in their **Revenue and Expense Journal**, which we will discuss next. Both the Manager's and the Administrator's signatures are required for the Rainforest Tours checks.


Number: 101
Date: 1/28/12
To: Diego Sanchez
For: Propellor repair
Previous Balance: $3,450.00
Deposit:
Payment: $125.00
New Balance: $3,325.00

Rainforest Tours
6a. Av. 32-04, Zona 1, Guatemala, C.A.
NIT: 453-233-9077

Banco De Guatemala
Check # 101
Date: 1/28/12

Pay to the Order of: Diego Sanchez
$125.00
One Hundred Twenty Five and 00/100
Signature: Julio Pasquez
For: Boat Propellor Repair
Signature: Jaime Audio

Figure 52: Sample Enterprise Check to a Vendor

Production:
Manager/Mentor tasks to complete their Operations Manual:

<u>After the course</u>:

- Train the enterprise Administrator on all financial procedures covered in this chapter.

Templates: Vouchers, Receipts, and Checks

PETTY CASH VOUCHER

Date:	
Petty Cash Amount:	
Description of Requirement:	
Approved By:	
Received By:	

RECEIPT

Date:	
Amount:	
From:	
For:	
To:	
By:	

PETTY CASH VOUCHER

Date:	
Petty Cash Amount:	
Description of Requirement:	
Approved By:	
Received By:	

RECEIPT

Date:	
Amount:	
From:	
For:	
To:	
By:	

Number: _____
Date: _____
To: _____
For: _____

Previous Balance: _____
Deposit: _____
Payment: _____
New Balance: _____

Enterprise Information

National Bank
Check # _____
Date: _____

Pay to the Order of: _____

Signature: _____

For: _____ Signature: _____

Number: _____
Date: _____
To: _____
For: _____

Previous Balance: _____
Deposit: _____
Payment: _____
New Balance: _____

Enterprise Information

National Bank
Check # _____
Date: _____

Pay to the Order of: _____

Signature: _____

For: _____ Signature: _____

Number: _____
Date: _____
To: _____
For: _____

Previous Balance: _____
Deposit: _____
Payment: _____
New Balance: _____

Enterprise Information

National Bank
Check # _____
Date: _____

Pay to the Order of: _____

Signature: _____

For: _____ Signature: _____

Figure 53: Voucher, Receipts, and Check Templates

2.9 Managing the Revenue & Expense Journal

Overview:
Within this chapter, we will discuss:

- A clear policy of cash management between the Manager and the Administrator for tour revenue and costs
- A process to ensure that all *direct tour costs* and *indirect operational costs* have receipts and are correctly entered into the **Revenue & Expense Journal**
- A process to ensure that all *direct tour revenue* and *non-tour revenue* have receipts and are correctly entered into the **Revenue & Expense Journal**
- How the Manager and the Administrator working together to enter financial data into the **Revenue & Expense Journal** helps to establish a system of checks and balances.
- How to properly organize and save the financial paperwork of the enterprise.

Materials:

- Financial notebooks for the Managers/Mentors to set up their own **Revenue & Expense Journals**

Time:
4 hours

Presentation

You've successfully run your tour and your clients are happy and are running around the country telling everyone they meet to sign up for one of your trips! You've paid all of your *direct tour costs* and made a good profit, you've entered all of the tour's financial information in the completed **Service Order** and attached all receipts**,** and the cash profit and all financial documentation has been transferred over to the Administrator. What's next?

At this stage, the enterprise needs to record the financial information contained in the completed **Service Order** in a place that can easily be referenced and updated throughout the year. That place is the **Revenue & Expense Journal**.

The **Revenue & Expense Journal** is the enterprise's internal record of all of the enterprise costs (both direct and indirect) and revenue. It helps show the financial "health" and history of the enterprise, and will help the enterprise to make financial decisions throughout the *fiscal year*.

Definition: "Fiscal Year"
A fiscal year, or "financial year" is a 12-month period during which an enterprise calculates its costs and revenue. It does not have to be the same as a calendar year (Jan. 1 – Dec. 31) and it usually begins the day that an enterprise begins operations.

Example: Rainforest Tour's fiscal year is from March 1st to February 28th every year.

The Administrator is the person within the enterprise who is responsible for recording the enterprise's transactions (both revenue and expenses) in the **Revenue & Expense Journal**, as well as for moving cash from the enterprise's on-site "petty cash" to a more secured location – specifically a bank account.

The Single Entry Accounting Method and your Revenue & Expense Journal
Within your enterprise, you will use what is called a "single entry" accounting method. Single entry accounting is simple yet effective, and can be managed manually (i.e. pen and paper). Although this method is designed with simplicity in mind the accounting principles it is based on are universal.

Although simple, single entry accounting *does* require that an enterprise keeps good general records of daily revenue and expenses, and the main requirement to do that is keeping a **Revenue & Expense Journal.**

The **Revenue & Expense Journal** is used to record the transactions of your enterprise. These transactions are recorded as revenue (income) and expenses (costs). Using this method you will not need one book for income and another for expenses. Rather, for each enterprise transaction you enter into the **Revenue & Expense Journal**, you simply enter the transaction information, record it as either a revenue or expense, and simply increase or reduce your balance accordingly. No computers or expensive accounting software is needed.

So, let's set up your **Revenue & Expense Journal***.*

Process: Creating a Revenue & Expense Journal

Step 1: Set up the pages of the **Revenue & Expense Journal**:
Although an accounting notebook with 3-6 columns is probably best, Managers can use any book to

create their **Revenue & Expense Journal**. Using the template below, make six columns with the following headers:

1. Date
2. Client/Vendor
3. Description
4. Revenue
5. Expense
6. Balance

At the top of the page, write the words "**Revenue & Expense Journal**" and a page number. Also make a small box on the upper right hand corner to record the balance from the previous page/entry. Every single one of your pages in the **Revenue & Expense Journal** will look exactly the same, so feel free to make a number of pages for future use. Your **Revenue & Expense Journal** should look like this:

Revenue & Expense Journal Page 1					**Previous Balance**
Date	Client/Vendor	Description	Revenue	Expense	Balance

Figure 54: Revenue & Expense Journal Template

Now that you have your **Revenue & Expense Journal** set up, let's look at how you are going to use it.

Practice:
Create a sample Revenue & Expense Journal on a piece of flip chart paper together.

Presentation: Entering *Direct Tour Costs/Revenue* in the Revenue & Expense Journal
After each tour, the Administrator must enter in the direct tour costs and revenue information from that tour's **Service Order** into the enterprise's **Revenue & Expense Journal**.

Remember, upon completion of the tour the Manager signs and presents the **Service Order**, the tour documentation (receipts) and the tour payment (if applicable) to the Administrator. The Administrator verifies the documentation and payment are correct and then also signs the **Service Order.**

To illustrate this next step of entering the information into the **Revenue & Expense Journal**, let's look at the costs and revenue for the **Service Order** that we just created for the client Jascivan Carvalho and his 6-pax One-Day Canopy Tour.

Process: Entering *Direct Tour Costs/Revenue* in the Revenue & Expense Journal
Enter the following information from the **Service Order** into the **Revenue & Expense Journal.**

1. Previous Balance: Make sure the balance from the previous page has been recorded at the top of the page and that any previous entries on that page have also been calculated correctly in the "Balance" column.

2. Date: Enter the date the transaction/tour was completed.

3. Client/Vendor: This entry depends in if it is *revenue* or *expense* you are entering. When entering **Service Orders**, you will list the name of the CLIENT who purchased the tour.

4. Description/Revenue: Enter a description of the tour (name, pax, number) and the TOTAL ACTUAL tour revenue paid by the client.

5. Description/Expense: Enter the SUBTOTAL ACTUAL expenses from the **Service Order's** five general cost categories: staff, transportation, lodging, food, & extras.

6. Profit and Profit Margin: Enter the TOTAL ACTUAL profit and profit margin from the tour. This is entered in the "description" column because it is just an internal record that is a quick indicator of the success of the tour that we might want to reference in the future.

SERVICE ORDER

Rainforest Tours

Client:	Jascivan Carvalho	Pax:	6	Date:	1/22/12
Tour:	One-Day Canopy Tour	Price:	$480.00	Tour #:	312

STAFF	Staff Signature	Projected	Actual	Notes
Guide	Hector Cabanas	$ 30.00	$ 30.00	
Cook	Carla Constanzo	$ 20.00	$ 20.00	
Manager	Julio Vasquez	$ 40.00	$ 40.00	
Administrator	Jaime Audino	$ 25.00	$ 25.00	
	SUB TOTAL	$ 115.00	$ 115.00	

TRANSPORTATION	Projected	Actual	Notes
Vehicle Rental	$ 50.00	$ 55.00	Only had larger van available
Vehicle Gas (5 gallons)	$ 24.00	$ 24.00	
SUB TOTAL	$ 74.00	$ 79.00	

LODGING	Projected	Actual	Notes
SUB TOTAL			

FOOD	Projected	Actual	Notes
Meals: 6 Breakfast, 6 Lunch - Produce: $11.28 - Chicken: $15.50 - Eggs, cooking oil, vegetables: $ 9.98 - Drinks: $10.34 - Tres Leches Cake: $15.00	$ 60.00	$ 62.10	6 Breakfast x $4/meal = $24.00, 6 Lunch x $6/meal = $36.00
SUB TOTAL	$ 60.00	$ 62.10	

EXTRAS	Projected	Actual	Notes
Park Entrance Fees	$ 30.00	$ 30.00	
Canopy Tour Tickets	$ 60.00	$ 60.00	
SUB TOTAL	$ 90.00	$ 90.00	

Tour Notes/Considerations:
- 2 pax vegetarians, but will eat fish.

TOTAL	Projected	Actual
Tour Revenue	$ 480.00	$ 480.00
Tour Costs	$ 339.00	$ 346.10
Tour Profit	$ 141.00	$ 133.90
Profit Margin	29%	28%

Manager Signature: Julio Vasquez Date: 1/22/12

Administrator Signature: Jaime Audino Date: 1/22/12

7. Balance: Update the balance of the **Revenue & Expense Journal** using the following formula:
Balance = Previous Balance + Total Tour Revenue – Total Tour Expenses

8. Signatures: The final step is for both the Manager and Administrator to review the entry, and sign their signatures verifying that all the information is correct.

Revenue & Expense Journal — Rainforest Tours
Page 7

1. Previous Balance $ 2,349.14

Date	Client/Vendor	Description	Revenue	Expense	Balance
1/22/12	Jascivan Carvalho	1-Day Canopy Tour - 6 pax - Tour #312	$ 480.00		
2.	3.	4.			
		Staff		$ 115.00	
		Transportation		$ 79.00	
		Lodging			
		Food		$ 62.10	
		Extras		$ 90.00	
				5.	$ 2,483.04
		Tour Profit: $133.90			7.
	6.	Tour Profit Margin: 28%			
	8. Manager :	Julio Vasquez			
	Administrator :	Jaime Audino			

Figure 55: Process for Entering Direct Tour Costs into the Revenue & Expense Journal

Here's another way to see how the information from the **Service Order** is transferred and entered into the **Revenue & Expense Journal.**

SERVICE ORDER

Rainforest Tours

Client:	Jascivan Carvalho	Pax: 6	Date: 1/22/12
Tour:	One-Day Canopy Tour	Price: $480.00	Tour #: 312

STAFF	Staff Signature	Projected	Actual	Notes
Guide	Hector Cabana	$ 30.00	$ 30.00	
Cook	Carla Constanzo	$ 20.00	$ 20.00	
Manager	Julio Vasquez	$ 40.00	$ 40.00	
Administrator	Jaime Andino	$ 25.00	$ 25.00	
	SUB TOTAL	$ 115.00	$ 115.00	

TRANSPORTATION	Projected	Actual	Notes
Vehicle Rental	$ 50.00	$ 55.00	Only had larger van available
Vehicle Gas (5 gallons)	$ 24.00	$ 24.00	
SUB TOTAL	$ 74.00	$ 79.00	

LODGING	Projected	Actual	Notes
SUB TOTAL			

FOOD	Projected	Actual	Notes
Meals: 6 Breakfast, 6 Lunch	$ 60.00	$ 62.10	6 Breakfast x $4/meal = $24.00, 6 Lunch x $6/meal = $36.00
- Produce: $11.28			
- Chicken: $15.50			
- Eggs, cooking oil, vegetables: $ 9.98			
- Drinks: $10.34			
- Tres Leches Cake: $15.00			
SUB TOTAL	$ 60.00	$ 62.10	

EXTRAS	Projected	Actual	Notes
Park Entrance Fees	$ 30.00	$ 30.00	
Canopy Tour Tickets	$ 60.00	$ 60.00	
SUB TOTAL	$ 90.00	$ 90.00	

Tour Notes/Considerations:
- 2 pax vegetarians, but will eat fish.

TOTAL	Projected	Actual
Tour Revenue	$ 480.00	$ 480.00
Tour Costs	$ 339.00	$ 346.10
Tour Profit	$ 141.00	$ 133.90
Profit Margin	29%	28%

Manager Signature: Julio Vasquez Date: 1/22/12

Administrator Signature: Jaime Andino Date: 1/22/12

Figure 57: Sample Service Order

Revenue & Expense Journal Rainforest Tours

Page 7

Previous Balance $ 2,349.14

Date	Client/Vendor	Description	Revenue	Expense	Balance
1/22/12	Jascivan Carvalho	1-Day Canopy Tour - 6 pax Tour #312	$ 480.00		
		Staff		$ 115.00	
		Transportation		$ 79.00	
		Lodging			
		Food		$ 62.10	
		Extras		$ 90.00	
					$ 2,483.04
		Tour Profit: $133.90			
		Tour Profit Margin: 28%			
	Manager :	Julio Vasquez			
	Administrator :	Jaime Andino			

Figure 56: Process of Entering Direct Tour Cost/Price Sheet Data into Revenue & Expense Journal

Once all of the data is entered in the **Revenue & Expense Journal** and it is signed by the Manager and the Administrator, all of the tour documentation (**Service Order** with receipts staples to it) and the tour revenue is transferred over to the Administrator.

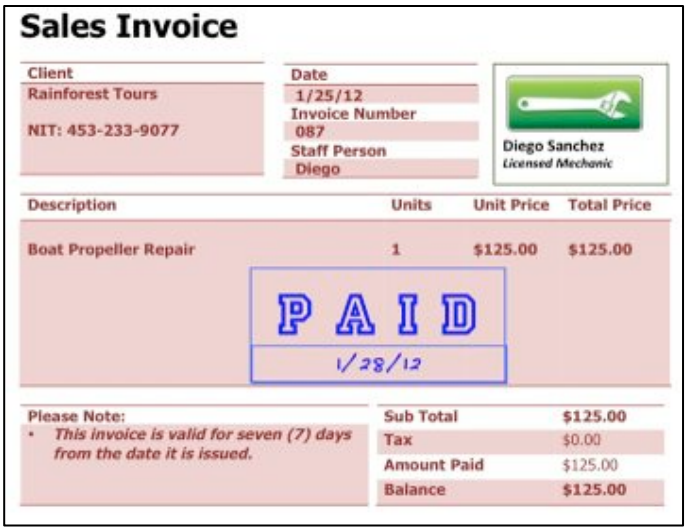
The Administrator's next actions are to either:

1. Immediately deposit the money into the enterprise's bank account, although this is often difficult with enterprises that are located in rural settings.
2. Hold the money in a safe and secure place until a future date in which the money can be deposited into the enterprise's bank account.

This final step of transferring the money from the community/Administrator to an actual bank account will be discuss in the next chapter "Managing the Bank Account Journal".

Presentation: Entering *Indirect or Non-tour Costs* in the Revenue & Expense Journal

In addition to tour revenue and expenses, your enterprise will also have non-tour expenses or what we call indirect costs. As we learned before, indirect costs are those costs that are not directly related to the sale of a tour. They are costs that occur whether or not your enterprise sells any tours. Some indirect costs occur on a regular basis like salaries, rent, utilities, etc. However, you will also encounter indirect costs that are one time or emergency costs. These include things such as repairs and maintenance, emergency costs, etc.



Sales Invoice

Client	Date	
Rainforest Tours	1/25/12	Diego Sanchez, *Licensed Mechanic*
NIT: 453-233-9077	Invoice Number 087	
	Staff Person Diego	

Description	Units	Unit Price	Total Price
Boat Propeller Repair	1	$125.00	$125.00

PAID 1/28/12

Please Note:
- *This invoice is valid for seven (7) days from the date it is issued.*

Sub Total	$125.00
Tax	$0.00
Amount Paid	$125.00
Balance	$125.00

Figure 58: Sample Paid Invoice

After paying each of these costs, the Manager should provide the Administrator with appropriate documentation of the payment such as an invoice that is marked "paid" or receipt. We call this documentation "proof of payment". The Administrator then follows the process below to enter the transaction into the **Revenue & Expense Journal.**

Once again, let's look at a recent example of Rainforest Tour's payment to a boat mechanic for the repair of a boat propeller to illustrate this process.

Here we can see that the mechanic has us a "paid" invoice after he received a check from the enterprise for $125.00.

Get Organized: File…Don't Pile!

It's very important that your enterprise maintains your financial records in a safe and organized manner. As a general rule…it's best to keep all records related to the formation and operations of your enterprise.

The easiest way to do this is to simply make a folder for every month of the year, and just store all financial documents for that month – bank statements, receipts, service orders…everything – in that folder. Be sure the records are kept in a safe place that can be easily accessed if necessary.

Process: Entering *Indirect or Non-tour Costs* in the Revenue & Expense Journal
The following process describes entering this *indirect cost* and the payment information from the paid invoice into the **Revenue & Expense Journal:**

1. Previous Balance: Make sure the balance from the previous page has been recorded at the top of the page and that any previous entries on that page have also been calculated correctly in the "Balance" column.

2. Date: Enter the date the transaction/payment was completed (from the invoice or receipt).

3. Client/Vendor: When entering payments, you will list the name of the VENDOR who you are paying.

4. Description/Expense: Enter a description of the product or service you are paying for and the total expense, as well as any other related payment information (check number, cash payment, etc.).

5. Balance: Update the balance of the **Revenue & Expense Journal** using the following formula:
Balance = Previous Balance – Total Expenses

6. Signatures: The final step is for both the Manager and Administrator to review the entry, and sign their signatures verifying that all the information is correct.

Revenue & Expense Journal Rainforest Tours
Page 7

Previous Balance: $ 2,349.14

Date	Client/Vendor	Description	Revenue	Expense	Balance
1/22/12	Jascivan Carvalho	1-Day Canopy Tour - 6 pax - Tour #312	$ 480.00		
		Staff		$ 115.00	
		Transportation		$ 79.00	
		Lodging			
		Food		$ 62.10	
		Extras		$ 90.00	
					$ 2,483.04
		Tour Profit: $133.90			
		Tour Profit Margin: 28%			
	Manager :	Julio Vasquez			
	Administrator :	Jaime Audino			
1/28/12	Diego Sanchez	Boat Propeller Repair		$ 125.00	
		Check #101			$ 2,358.04
	Manager :	Julio Vasquez			
	Administrator :	Jaime Audino			

1. 2. 3. 4. 5. 6.

Figure 59: Process of Entering Indirect Costs into Revenue & Expense Journal

Presentation: Entering *Non-tour Revenue* in the Revenue & Expense Journal

There may be times that your enterprise receives revenue from something other than sale of a tour product or service already included on a **Service Order**. A few specific examples of such revenue includes

- Merchandise Sales: t-shirts, hats, arts and crafts, postcards, calendars, etc.
- Sundries Sales: batteries, bug repellent, sunscreen, ponchos, toothpaste, etc.
- Beverage Sales: although most tour packages include non-alcoholic beverages, many tourists often like to buy additional beverages like beer, wine, sodas, and other bottled beverages that might be sold separately.
- Other: Although much less frequent than the other types of non-tour revenue, other examples might include tax returns, donations, and other contributions to the enterprise.

We will discuss how to manage and record these types of sales in a later chapter, but for now let's just take a look at the process to document and record these types of sales in the **Revenue & Expense Journal.**

Process: Entering *Indirect or Non-tour Revenue* in the Revenue & Expense Journal

The process for entering non-tour revenue in the **Revenue & Expense Journal** is simple.

1. Write a receipt for the sale: If the non-tour revenue is coming from one of the examples of sales from above (merchandise, sundries, beverages) then the first step is for who ever is in charge of receiving the money to complete a **Sales Receipt.** We can see from our example that someone (maybe on a tour, maybe not) purchased some Rainforest Tours merchandise and was issued a **Sales Receipt**.

2. Transfer **Sales Receipt** and revenue to the Manager or Administrator: The sales receipt and revenue should be given to either the Manager or Administrator.

3. Enter non-tour revenue in the **Revenue & Expense Journal:** See below.

Sales Receipt Rainforest Tours

Client	Receipt Number
Natalie Sellier	155
	Date 1/29/12
	Staff Person Claudia

Description	Units	Unit Price	Total Price
Rainforest Tours T-shirts:			
• Medium Blue/White	1	$10.00	$10.00
• Large Green/White	2	$10.00	$20.00
Rainforest Tours Baseball Hat	1	$ 15.00	$15.00

☐ Cash ☐ Check ☐ Credit Card

Sub Total	$45.00
Tax	
Total	$45.00

Thank You...
We Appreciate Your Business

1/28/12	Diego Sanchez	Boat Propeller Repair Check #101 Manager : Administrator :		$ 125.00	$ 2,358.04
1/29/12	Natalie Sellier	Rainforest Tours T-Shirts - Medium Blue/White (1) - Large Green/White (2) Rainforest Tours Hat Receipt #155 Manager : Administrator :	 $ 10.00 $ 20.00 $ 15.00		$ 2,403.04

Figure 60: Process of Entering Indirect Revenue into Revenue & Expense Journal

Practice:
Managers and Mentors review the examples presented in this chapter by entering them in the **Revenue & Expense** Journal template included at the end of this chapter.

Then, together Managers and Mentors enter in the following sample *Service Order*, sample *Indirect Cost* receipt, and sample *Non-Tour Revenue* into that same template.

Afterwards, a discussion should be held about the challenges/questions that came up.

SERVICE ORDER

Rainforest Tours

Client:	Hans Pfeifer	Pax:	8	Date:	2/6/12
Tour:	Mountain Biking Tour	Price:	$600.00	Tour #:	313

STAFF	Staff Signature	Projected	Actual	Notes
Guide	Dora Castro	$ 30.00	$ 30.00	
Cook	Carla Constanzo	$ 20.00	$ 20.00	
Manager	Julio Vasquez	$ 40.00	$ 40.00	
Administrator	Jaime Andino	$ 25.00	$ 25.00	
	SUB TOTAL	$ 115.00	$ 115.00	

TRANSPORTATION	Projected	Actual	Notes
Vehicle Rental	$ 50.00	$ 50.00	
Vehicle Gas (10 gallons)	$ 48.00	$ 40.00	Didn't go all the way to the trail head
SUB TOTAL	$ 98.00	$ 90.00	

LODGING	Projected	Actual	Notes
SUB TOTAL			

FOOD	Projected	Actual	Notes
Meals: 8 boxed lunches	$ 60.00	$ 63.73	
- Produce: $13.25			
- Ham: $5.50			
- Bread: $12.00			
- Snacks: $ 5.98			
- Drinks: $12.00			
- Desert: $15.00			
SUB TOTAL	$ 60.00	$ 63.73	

EXTRAS	Projected	Actual	Notes
Bike Rentals	$ 160.00	$ 160.00	$20 per bike
SUB TOTAL	$ 160.00	$ 160.00	

Tour Notes/Considerations:
- None

TOTAL	Projected	Actual
Tour Revenue	$ 600.00	$ 600.00
Tour Costs	$ 433.00	$ 428.73
Tour Profit	$ 167.00	$ 171.27
Profit Margin	28%	29%

Manager Signature: Julio Vasquez Date: 2/6/12

Administrator Signature: Jaime Andino Date: 2/6/12

Figure 61: Service Order Example

Sales Receipt Rainforest Tours

Rainforest Tours 6a. Av. 32-04, Zona 1
Guatemala, C.A. +502.2345-6000
sales@rainforesttours.com / NIT: 453-233-9077

Client	Receipt Number
Lucia Prinz	156
	Date
	1/31/12
	Staff Person
	Daniel

Description	Units	Unit Price	Total Price
Gallo Beers (12 oz)	4	$2.00	$ 8.00
Pepsi	1	$1.00	$ 1.00

☐ Cash ☐ Check ☐ Credit Card

Sub Total	$9.00
Tax	
Total	$9.00

Thank You...
We Appreciate Your Business

Figure 62: Practice Activity Sales Receipt

Sales Receipt

City Electric Power Corporation

Client	Date
Rainforest Tours	2/14/12

Description	Units	Unit Price	Total Price
January 2012 electricity bill	1	68.45	68.45
		Subtotal	68.45
		Tax 7%	4.79
		Total	73.24

Figure 63: Practice Activity Sales Receipt

Production:
Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- Create a Revenue & Expense Journal.

<u>After the course:</u>

- Determine how often the Manager and Administrator should meet to review the Revenue & Expense Journal.
- Train the enterprise Administrator on all financial procedures covered in this chapter.

Revenue & Expense Journal Rainforest Tours

Page 7

Previous Balance
$ 2,349.14

Date	Client/Vendor	Description	Revenue	Expense	Balance
1/22/12	Jascivan Carvalho	1-Day Canopy Tour - 6 pax - Tour #312	$ 480.00		
		Staff		$ 115.00	
		Transportation		$ 79.00	
		Lodging			
		Food		$ 62.10	
		Extras		$ 90.00	
					$ 2,483.04
		Tour Profit: $133.90			
		Tour Profit Margin: 28%			
	Manager :	Julio Vasquez			
	Administrator :	Jaime Andino			
1/28/12	Diego Sanchez	Boat Propeller Repair		$ 125.00	
		Check #101			$ 2,358.04
	Manager :	Julio Vasquez			
	Administrator :	Jaime Andino			
1/29/12	Natalie Sellier	Rainforest Tours T-Shirts			
		- Medium Blue/White (1)	$ 10.00		
		- Large Green/White (2)	$ 20.00		
		Rainforest Tours Hat (1)	$ 15.00		
		Receipt #155			$ 2,403.04
	Manager :	Julio Vasquez			
	Administrator :	Jaime Andino			
1/29/12	Lucia Prinz	Gallo Beers (4)	$ 8.00		
		Pepsi (1)	$ 1.00		
		Receipt #156			$ 2,412.04
	Manager :	Julio Vasquez			
	Administrator :	Jaime Andino			
2/6/12	Hans Pfeifer	Mountain Biking - 8 pax - Tour #313	$ 600.00		
		Staff		$ 115.00	
		Transportation		$ 90.00	
		Lodging			
		Food		$ 63.73	
		Extras (bike rentals)		$ 160.00	
					$ 2,583.31
		Gross Profit: $ 171.27			
		Gross Profit Margin: 29%			
	Manager :	Julio Vasquez			
	Administrator :	Jaime Andino			
2/14/12	City Electric Power Company	January Electric Bill		$ 73.24	
		Cash payment			$ 2,510.07
	Manager :	Julio Vasquez			
	Administrator :	Jaime Andino			

Figure 64: Practice Activity Service Order

Template: **Revenue & Expense Journal**

Revenue & Expense Journal					Previous Balance
Date	**Client/Vendor**	**Description**	**Revenue**	**Expense**	**Balance**

Figure 65: Service Order Template

2.10 Managing the Bank Account Journal

Overview:
Within this chapter, we will discuss:

- Establishing a clear policy for depositing enterprise profit into a bank account(s)
- Ensuring that the Administrator & Manager understand the procedures for bank deposits
- Ensuring that the enterprise's *Bank Accountant Journal* and the enterprise bank account records are reconciled (the same)

Materials:

- Revenue & Expense Journal
- Bank Account Journal
- Bank Deposit/Withdrawal Slip
- Account Balance Slip

Time:
4 hours

Presentation

The process of managing money is long and complex. So far we have learned:

1. How to sell and deliver a tour that results in profit for the enterprise
2. How to pay your vendors for tour related services and document the process with vouchers
3. How to document tour transactions with a Service Order
4. How to enter tour transaction information from the Service Order to the Revenue & Expense Journal and then transfer the profit (cash) from the enterprise Manager to the Administrator
5. How to pay your vendors for indirect costs/non-tour expenses and document the process through receipts and the Revenue & Expense Journal.

Now, the final step in the accounting process is to transfer the profit (cash and/or checks) from the Administrator to the safest and most secure place to keep it…*your bank account.*

The advantages of depositing enterprise profits into an enterprise bank account are many. First, there is the question of security of your cash if you keep it in a place other than a bank. A successful business is a target for criminals, no matter how small a community may be, and you run the risk of theft of your profits if not deposited in the bank. Second, money sitting around is tempting for internal theft, no matter how trust worthy enterprise staff may be. Third, it is not fair to managerial staff (such as Administrators) to be held accountable for large amounts of cash for long periods of time with all of the risk involved. Although a policy for managing cash is the decision of your enterprise – we *strongly* recommend you develop a system in which you make deposits as frequently as possible of your enterprise profits.

With that said, depositing enterprise profit into an establish enterprise bank account may be easier said than done. If you live in a place where a bank is right down the street, then consider yourself lucky and be sure to visit that bank as often as required. With that said…it is highly possible though that your tourism enterprise is located in some wonderful national park or protected area hundreds of kilometers from the nearest bank. You are fortunate to live in such a beautiful place…be happy.

Presentation: Bank Account Journal

Looking back at the previous chapter, remember that our **Revenue & Expense Journal** is essentially the record of the **day-to-day transactions** – both revenue coming in and expenses going out – of the enterprise.

The **Revenue & Expense Journal** contains a lot of important information that we can use to determine what our enterprise is selling (e.g. which tours, what merchandise, etc.) as well as how profitable those sales are (e.g. profits and profit margins per tour package). The **Revenue & Expense Journal** also tells us how much money (in cash and/or checks) we have "on site" or "in hand", usually from our most recent tour sales.

We are usually most interested in this information for a certain recent period of time (the last year, the last quarter, the last month) to look for trends in how successful (or not) we've been during that time period.

The **Bank Accountant Journal,** on the other hand, is more of a historical record of the overall **life of the enterprise.** As we will discuss in this chapter, the **Bank Accountant Journal** is where we record the revenue we deposit into the enterprise's bank account during the year(s), as well as major expenses like

investments and repairs in infrastructure or new equipment purchases. The **Bank Accountant Journal** is also where we record the amount of profit that might be taken out of the bank account each year to be shared with enterprise staff and members. Finally, the **Bank Accountant Journal** tells us how much total money or profit the enterprise has saved in its bank accounts.

Presentation: Bank Deposit Policy

Before we get into managing our **Bank Accountant Journal,** let's briefly discuss "Bank Deposit Policy", which will help guide us as an enterprise in how we deal with some of the challenges such as isolation from banks and banking services.

For example, an enterprise might be located in a rural area that requires an 8-hour bus trip to the nearest bank or a very expense plane ticket (as well all of the costs to spend a night there). Do we go through the hassle and costs of depositing money in our bank account every time we have a tour sale? Probably not…but how do we determine when we should invest the time and money to make this trip?

An enterprise "Bank Deposit Policy" basically determines at what point is the *cost* of making the trip to deposit money is less than the *risk* of keeping all of that cash "on-site" in place that is less secure than a bank. This amount is unique to every enterprise and their situation. An enterprise that is located in an isolated location with high costs to travel to the bank may make this amount higher (and the bank deposits fewer) than an enterprise that is located right up the street from a bank and who have the ability to make deposits every day/every week because it doesn't cost them anything to do so.

To explore this issue, let's look at Rainforest Tours' internal "Bank Deposit Policy":

Rainforest Tours

RAINFOREST TOURS BANK DEPOSIT POLICY: Every time the **Revenue & Expense Journal** balance exceeds **$2,500**, the Manager or Administrator must make a bank deposit that leaves no more than **$500** in the enterprise's "petty cash" balance back at in the community/enterprise.

Figure 66: Sample Bank Deposit Policy - Rainforest Tours

Having this petty cash "on site" helps the enterprise pay for both direct tour costs as well as indirect operational costs as they come up throughout the year.

Process: Setting Up the Bank Account Journal

Within the enterprise's **Revenue & Expense Journal** the Administrator will designate the last 5-10 pages of the book to maintain the enterprise's **Bank Accountant Journal**. The **Bank Accountant Journal** is an easy way for the Administrator to keep track of the major deposits and withdrawals from the enterprise's bank account.

As stated, this does not have to be a separate book, but rather can be a designated section at the back of the **Revenue & Expense Journal** to track these major movements of money to/from the enterprise's bank account.

Set up your **Bank Accountant Journal** using the following template:

Bank Account Journal **Page #**				**Previous Balance**
Date	**Description**	**Deposit**	**Withdrawal**	**Balance**

Figure 67: Bank Account Journal Template

Process: Managing the Bank Account Journal
Let's take a step-by-step look at how that happens by using the examples from the previous chapter's entries into the Rainforest Tours **Revenue & Expense Journal**. As you can see from the section we've cut/paste below (refer to the previous chapter to see the page in its entirety) that last transaction we entered was an expense to the "City Electric Power Company". After paying that expense, our **Revenue & Expense Journal** balance is $ 2,510.07, which we also refer to as our "petty cash".

Based on Rainforest Tours' "Bank Deposit Policy", that means it is now time to actually transfer money from the on-site petty cash to the enterprise's bank account (remember…their policy says anytime this balance/petty cash amount exceeds $2,500 a bank deposit must be made). Actually, if you look closely at the **Revenue & Expense Journal** entries from the previous chapter that $2,500 amount was reached with a tour sale even earlier (on 2/6/12)…but this is a good example that it sometimes takes time to plan and arrange a trip to make a bank deposit.

Revenue & Expense Journal **Page 7**		Rainforest Tours			**Previous Balance** $ 2,349.14
Date	**Client/Vendor**	**Description**	**Revenue**	**Expense**	**Balance**
1/22/12	Jascivan Carvalho	1-Day Canopy Tour - 6 pax - Tour #312	$ 480.00		
		Staff		$ 115.00	
		Transportation		$ 79.00	
2/14/12	City Electric Power Company	January Electric Bill		$ 73.24	
		Cash payment			$ 2,510.07
	Manager :	*Julio Vasquez*			
	Administrator :	*Jaime Andino*			

Figure 68: Revenue and Expense Journal Example from Practice Exercise

Based upon this policy, it looks like Rainforest Tours needs to deposit $2,010.07 to its bank account in order to reduce the enterprise's petty cash to $500. Here's the way they made that calculation:

Bank Deposit = **Revenue & Expense Journal** balance - $500.00 (to keep for petty cash)
Bank Deposit = $ 2,510.07 - $500.00
Bank Deposit = **$ 2,010.07**

Follow these basic steps to record this bank deposit in both the **Revenue & Expense Journal** and the **Bank Account Journal:**

In the Revenue & Expense Journal:

1. FIRST, in the **Revenue & Expense Journal,** an entry must be made in the EXPENSE column that reflects the amount of cash being taken from the enterprise to be deposited in the bank (in this case $2,010.07). The entry must include:

- The date
- "Deposit to Bank Account" entered into the Client/Vendor column
- The total amount to be take from petty cash and deposited into the bank account

2. Signatures: Both the Manager and the Administrator sign this entry to verify it is correct

3. Balance: Update the balance of the **Revenue & Expense Journal** to reflect this withdrawal of cash/checks to be deposited into the bank account

Revenue & Expense Journal Rainforest Tours

Page 7

Previous Balance $ 2,349.14

Date	Client/Vendor	Description	Revenue	Expense	Balance
1/22/12	Jascivan Carvalho	1-Day Canopy Tour - 6 pax - Tour #312	$ 480.00		
		Staff		$ 115.00	
		Transportation		$ 79.00	
2/14/12	City Electric Power Company	January Electric Bill Cash payment		$ 73.24	$ 2,510.07
	Manager : Administrator :	Julio Vasquez Jaime Audino			
2/18/12	Deposit to Bank Account Manager : Administrator :	Julio Vasquez Jaime Audino		$ 2,010.07	$ 500.00

1. 2. 3.

Figure 69: Process of Moving Money from Revenue & Expense Journal to Bank Account Journal

In the Bank Account Journal:

4. Next, a DEPOSIT must be made to the **Bank Account Journal** that records the amounted being moved from the petty cash to the bank account (in this case $2,010.07). The entry must include the same information as above, including:

- The date
- "Deposit to Bank Account" entered into the Client/Vendor column
- The total amount to be take from petty cash and deposited into the bank account

5. Signatures: Both the Manager and the Administrator sign this entry to verify it is correct

6. Balance: Update the balance of the **Bank Account Journal** to reflect this deposit of cash/checks to the bank account

Bank Account Journal Rainforest Tours
Page 2

Previous Balance
$ 19,459.03

Date	Description	Deposit	Withdrawal	Balance
2/18/12	Deposit to Bank Account **4.** Manager: *Julio Vasquez* Administrator: *Jaime Andino* **5.**	$2,010.07		$21,469.10 **6.**

Looking at the example, you can see now that our **Revenue & Expense Journal** balanced has been REDUCED $2,010.07 (from $2,510.07.53 to $500.00) and our **Bank Account Journal** has been INCREASED $2,010.07 (from $19,459.03 – the beginning balance – to $21,459.10). It's still all the enterprise's money…it's just been move to a much safer place!

Bank Account Documentation

A bank deposit or withdrawal slip, as well as an updated account balance slip, MUST document all bank transactions. Both of these records MUST be returned to the Administrator, who will keep the slips for the enterprise's financial records.

Definition: **Bank Reconciliation**
The process of comparing and matching figures from the accounting records (e.g. **Revenue & Expense Journal***) against those shown on a bank statement.*

Example: Rainforest Tours reconciles its accounts every three months as a way to ensure their records are correct.

Practice:

Managers and Mentors set up a *Revenue & Expense Journal* and a *Bank Account Journal* on two separate pieces of paper. The trainer then goes through the following examples:

1. Example 1:

   a. Starting Revenue & Expense Journal balance: 7,556.00
   b. Tour Revenue: 1,000.00
   c. Tour Expenses:
      i. Staff: 250.00
      ii. Transportation: 200.00
      iii. Lodging: 200.00
      iv. Food: 56.45
      v. Extras: 0
   d. Starting Bank Account Journal balance: 35,634.27
   e. Amount moved to Bank Account: 4,000.00
2. Example 2:
   a. Starting Revenue & Expense Journal balance: 6,770.34
   b. Tour Revenue: 1,550.00
   c. Tour Expenses:
      i. Staff: 250.00
      ii. Transportation: 0
      iii. Lodging: 225.00
      iv. Food: 125.00
      v. Extras: 175.25
   d. Starting Bank Account Journal balance: 20.457.23
   e. Amount moved to Bank Account: 5,000.00
3. Example 2:
   a. Starting Revenue & Expense Journal balance: 9,756.29
   b. Tour Revenue: 800.00
   c. Tour Expenses:
      i. Staff: 200.00
      ii. Transportation: 100.00
      iii. Lodging: 0
      iv. Food: 30.00
      v. Extras:15.00
   d. Starting Bank Account Journal balance: 10,459.34
   e. Amount moved to Bank Account: 6,000.00

Mentors can act as "bank representatives" and hand out fake deposit slips to reflect the deposits that the Managers are making to their fake accountants.

Production:
Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- Set up the **Bank Account Journal** in the back of the **Revenue & Expense Journal.**
- Discuss and develop initial enterprise "Bank Account Policies" to present to the rest of the enterprise's staff/board when they return.

<u>After the course:</u>

- Train the enterprise Administrator on all financial procedures covered in this chapter.
- Finalize and implement the enterprise's "Bank Account Policies".

2.11 Monthly Financial Reporting

Overview:
Within this chapter, we will discuss:

- How to enter important monthly financial data from their **Revenue & Expense Journal** into the **Monthly Financial Report**, including:
    - Tour Sales (including revenue, profit, margin, and other sales information)
    - Other Revenue (such as merchandise, donations, etc.)
    - Tour Costs (including staff, food, transportation, and extras)
    - Other Costs (including indirect costs such as repairs, rent, phone, etc.

Materials:

- Monthly Financial Report Form (or Excel File)
- Revenue & Expense Journal Example

Time:
4-6 hours

Presentation

So you've completed the month's enterprise activities. You've sold tours and merchandise, you've earned profit, you've paid some of the bills required to keep your enterprise working such as phone and electricity. And, if you've done your job as a Manager correctly, you've recorded all of that enterprise activity – both sales and payments – in your **Revenue & Expense Journal**.

At the end of each month, it's important that you record all of that financial data in a single report that summarizes the enterprise's activity for the month, called a **Monthly Financial Report**.

Why do you need such a report? You already have the financial data recorded in your **Revenue & Expense Journal**…is this really necessary? Well, yes – because very often your financial data is not only important to your enterprise and its members/staff, but is also important to people who invest in your enterprise either through grants (such as governments and NGOs), bank loans or private investors. You may also need such reports for annual tax or financial purposes with your government.

Also, sharing your financial information with organizations or individuals who are helping you to establish or grow your community tourism enterprise will help them to better understand what is working well, but more importantly what is not working well. Good financial reporting helps to "tells the story" of your enterprise and if there are problems that need to be solved (as is the case with every business all over the world) then having accurate financial data helps to problem solve.

Regardless of whether your enterprise is having success or challenges, documenting the financial performance of your enterprise will show your investors and supporters that you have an *organized and efficient business*.

Therefore, we are going to learn how to use the simple but comprehensive report called the **Monthly Financial Report** to summarize the financial data you've entered in your **Revenue & Expense Journal** each month.

Process: Completing the Monthly Financial Report

For the purpose of the following exercise, we will be using an example; a completed page from a **Revenue & Expense Journal** and an example completed **Monthly Financial Report** found at the end of this lesson plan.

1. Basic Report Information:

First, in the upper left-hand corner of the report, you will enter in the month and year of the enterprise financial activities being reported, as well as who is completing the report (normally the Manager) as well as the date the report is being completed.

In our example, the month is **February 2009**, the Manager is **Mario Miller**, and the report date is **31/2/09.**

It's very important that **Monthly Financial Report** are completed before 5th day of the following month in order to submit up-to-date financial data to our investors and supporters.

2. Monthly Financial Summary:

Next, enter the previous month's balance from the prior **Monthly Financial Report**. In our example, the previous month's balance was **$2,359.03**

If you are entering the date on a computer in Excel, you don't have to enter anything else in the Monthly Financial Summary box because the formulas will do that calculation for you. Otherwise, wait until you have completed the entire report to enter the remaining revenue, cost, and balance information in this box.

3. Tour Sales:

Now, you are reading to start entering in data from your month's **Revenue & Expense Journal.**

Under tour sales, you will enter in all of the tour sale information you entered in your journal, including the date of the tour, the tour information (including the number and name of the tour), the number of pax, the total tour revenue (amount paid to you by the clients), the tour expenses (all of the staff, food, transportation, lodging, and extra costs), the profit of the tour (revenue minus expenses), the profit margin (profit divided by revenue), the nationality of the pax, the sales channel the tour was sold through (who sold the tour), and any specific note unique to this tour.

Note: If you are entering the data in an Excel sheet, the profit and profit margin should automatically calculate for you.

After you have completed all of your tour sales, you total up all of the sales in the final line (which is automatic in Excel).

In our example, our we had four individual tours in the month of May that had the following tour total sale data:

- Total Pax: 16
- Total Revenue: $620.00
- Total Expenses: $421.65
- Total Profit: $198.35
- Average Profit Margin: 32%

4. Other Revenue:

Next, we are going to enter in any "other" or non-tour revenue that the enterprise might have earned during the month. Some examples of "other" revenue include:

- Merchandise sales (t-shirts, hats, bags)
- Arts/Crafts sales
- Donations for conservation or community projects

From our example **Revenue & Expense Journal** we have two different "other" revenue entries for the month of February 2009, including:

- 5-shirts: $75 (each shirt costs $15)
- 3 Hats: $60 (each hat costs $20)
- 1 donation to a conservation project: $20 (can be any amount)

5. Tour Costs:

Next, we are going to enter all of the tour-specific cost information we took from our tour **Service Orders** and entered into our **Revenue & Expense Journal**. If you recall, we separate our tour costs into four main categories, including: staff costs, food costs, transportation costs, lodging costs and extra costs.

From our example, you can see that we had four tour sales in the month of February. Therefore, we want to look at each of these individual tours to add up the total tour costs in these four categories, like this:

Tour	Staff Costs	Food Costs	Transportation Costs	Extra Costs
9/2/09 - #32	$91.43	$29.12	$10.08	$ 0.00
14/2/09 - #33	$26.32	$12.45	$25.09	$ 3.12
16/2/09 - #34	$70.00	$22.13	$10.00	$ 0.00
22/2/09 - #35	$52.13	$25.00	$44.78	$ 0.00
TOTAL:	**$239.88**	**$88.70**	**$89.95**	**$ 3.12**

Figure 70: Monthly Tour Sales Data Example

6. Other Costs:

The last type of costs we enter are "other" costs, also known as "indirect" or "operating" costs of your enterprise. These are all the costs that you need to pay to keep your enterprise running. Example of these costs in tourism enterprises include:

- Full-time staff salaries
- Promotion (brochures, website fees, ads in magazines)
- Utilities such as water, electricity
- Communications: phone, internet
- Repair and maintenance costs

In our example, it looks like you purchased an additional trail sign and you needed to have repairs done to the campground eating pavilion. You also needed to pay your annual membership fee to the National Ecotourism Association.

In our example, all of these costs totaled up to be **$168.15**

IMPORTANT: With any small business, the fewer costs you have, the higher profits you will enjoy at the end of the year. Therefore, if you, your staff or cooperative/association members can donate their time to help with these types of repairs or maintenance to reduce your costs, the better.

7. Monthly Financial Summary:

Now that you have entered in all of the monthly data, you can go back to the "Monthly Financial Summary" box in the upper right-hand corner and complete the remaining boxes including revenue (tour and other), expenses (tour and other), and this month's balance which will tell you your new enterprise total balance. Remember, in Excel this will fill automatically.

Revenue & Expense Journal

Previous Balance
$ 2,349.14

Date	Client/Vendor	Description	Revenue	Expense	Balance
9/2/09	Erik Shultz #32 Manager Signature: Administrator Signature:	Mangrove Tour - 6 pax Staff Food Transportation Extras Balance Gross Profit: $49.37 Gross Profit Margin: 27%	$ 180.00	 $ 91.43 $ 29.12 $ 10.08	$ 2,398.51
14/2/2009	Hans Pfeifer #33 Manager Signature: Administrator Signature:	Mountain Biking Tour - 2 pax Staff Food Transportation Extras Balance Gross Profit: $ 33.02 Gross Profit Margin: 33%	$ 100.00	 $ 26.32 $ 12.45 $ 25.09 $ 3.12	$ 2,431.53
15/2/09	Juan's Motor Repair Manager Signature: Administrator Signature:	Repair boat motor with new propeller Balance		$ 45.00	$ 2,386.53
18/2/10	Gonzalez Construction Manager Signature: Administrator Signature:	Repair roof to restaurant Balance		$ 23.15	$ 2,363.38
16/2/11	Jen Park #34 Manager Signature: Administrator Signature:	Mangrove Tour - 4 pax Staff Food Transportation Extras Balance Gross Profit: $37.87 Gross Profit Margin: 27%	$ 140.00	 $ 70.00 $ 22.13 $ 10.00	$ 2,401.25
16/2/09	Jen Park Manager Signature: Administrator Signature:	5 T-shirts Balance	$ 75.00		$ 2,476.25
19/2/11	Nat'l Ecotourism Association Manager Signature: Administrator Signature:	Annual Membership Fee Balance		$ 100.00	$ 2,376.25
22/2/2009	Chris Seek #35 Manager Signature: Administrator Signature:	Mountain Biking Tour - 4 pax Staff Food Transportation Extras Balance Gross Profit: $ 78.09 Gross Profit Margin: 39%	$ 200.00	 $ 52.13 $ 25.00 $ 44.78	$ 2,298.16
22/2/2009	Chris Seek Natalie Sellier Manager Signature: Administrator Signature:	3 Hats Donation to conservation project Balance	$ 60.00 $ 20.00		$ 2,378.16

Figure 71: Revenue and Expense Journal Monthly Example

Monthly Finanical Report

Month: February, 2009

Completed by:
Mario Miller, Manger

Date:
31/2/09

Monthly Flnaclal Summary		
Previous Month's Balance:		**$2,459.03**
Revenue (+)	**Tour (+)**	$620.00
	Other (+)	$155.00
Expenses (-)	**Tour (-)**	$421.65
	Other (-)	$168.15
This Month's Balance:		**$2,644.23**

Tour Sales

Date	Tour (#/name)	# of Pax	Revenue	Expense	Profit	Profit Margin	Nationality	Sales Channel	Notes
9/2/09	#32 / Mangrove Tour	6	$ 180.00	$ 130.63	$49.37	27%	US	Klein Tours	
14/2/09	#33 / Mountain Biking Tour	2	$ 100.00	$ 66.98	$33.02	33%	Germany	Dominican Treasures	
16/2/09	#34 / Mangrove Tour	4	$ 140.00	$ 102.13	$37.87	27%	Canada	Dominican Treasures	
22/2/09	#35 / Chris Seek	4	$ 200.00	$ 121.91	$78.09	39%	US	Playa Dorada Resort	
	TOTAL:	**16**	**$ 620.00**	**$ 421.65**	**$ 198.35**	**32%**			

Other Revenue

Date	Client	Item	Revenue	Notes
16/2/09	Jen Park	5 -shirts	$75.00	
22/2/09	Chris Seek	3 Hats	$60.00	
22/2/09	Natalie Sellier	Donation to conservation	$20.00	
		TOTAL:	**$155.00**	

Tour Costs

Item	Cost
Staff Costs	$239.88
Food Costs	$88.70
Transportation Costs	$89.95
Extra Costs	$3.12
TOTAL:	**$421.65**

Other Costs

Date	Vendor	Item	Cost
15/2/09	Juan's Motor Repair	Repair boat motor/propeller	$45.00
18/2/09	Gonzalez Construction	Restaurant roof repair	$23.15
19/2/09	National Ecotourism Association	Annual Membership Fee	$100.00
		TOTAL:	**$168.15**

Figure 72: Monthly Financial Report Example

Practice:

Now that you understand how to enter financial data in the **Monthly Financial Report**, take 30-60 minutes to complete a **Monthly Financial Report** using the example **Revenue and Expense Journal** at the end of the chapter.

Month: March, 2009
Completed by: You!
Date: 1/4/09

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the course:

After the course:

- Set up a **Monthly Financial Report** template in Excel or in a notebook.

Revenue & Expense Journal					Previous Balance
					$ 2,644.23
Date	**Client/Vendor**	**Description**	**Revenue**	**Expense**	**Balance**
2/3/09	Simon Jone	Hiking Tour - 12 pax	$ 432.00		
	#36	Staff		$ 120.00	
		Food		$ 67.00	
		Transportation		$ 125.00	
		Extras			
		Balance			$ 2,764.23
		Gross Profit: $120.00			
		Gross Profit Margin: 28%			
3/3/09	David Brown	Community Tour - 3 pax	$ 76.00		
	#37	Staff		$ 45.33	
		Food		$ 12.00	
		Transportation		$ -	
		Extras		$ -	
		Balance			$ 2,782.90
		Gross Profit: $ 18.67			
		Gross Profit Margin: 25%			
12/3/09	Lucia Prinz	4 hats, 2 bags	$ 64.00		
		Balance			$ 2,846.90
17/3/2009	Dominican Electric	Electricity bill for March		$ 73.12	
		Balance			$ 2,773.78
18/3/11	Ashley Silver	Mangrove Tour - 5 pax	$ 160.00		
	#38	Staff		$ 90.00	
		Food		$ 30.34	
		Transportation		$ 15.00	
		Extras			
		Balance			$ 2,798.44
		Gross Profit: $24.66			
		Gross Profit Margin: 13%			
18/3/09	Ashley Silver	Donation to community health project	$ 40.00		
		Balance			$ 2,838.44
23/3/11	MINTUR	Annual operating license		$ 75.00	$ 2,763.44
		Balance			
25/3/2009	Eric Lin	Mountain Biking Tour - 4 pax	$ 200.00		
	#39	Staff		$ 52.13	
		Food		$ 25.00	
		Transportation		$ 44.78	
		Extras			
		Balance			$ 2,841.53
		Gross Profit: $ 78.09			
		Gross Profit Margin: 39%			
29/3/2009	Carla Campos	3 Photo calendar	$ 30.00		
		Balance			$ 2,871.53

Figure 73: Revenue and Expense Journal Monthly Example for Practice Activity

Monthly Financial Report

Month:

Completed by:

Date:

Monthly Finacial Summary		
Previous Month's Balance:		
Revenue (+)	Tour (+)	
	Other (+)	
Costs (-)	Tour (-)	
	Other (-)	
This Month's Balance:		

Tour Sales

Date	Tour (#/name)	# of Pax	Revenue	Expense	Profit	Profit Margin	Nationality	Sales Channel	Notes
	TOTAL:								

Other Revenue

Date	Client	Item	Revenue	Notes
		TOTAL:		

Tour Costs

Item	Cost
Staff Costs	
Food Costs	
Transportation Costs	
Lodging Costs	
Extra Costs	
TOTAL:	

Other Costs

Date	Vendor	Item	Cost
		TOTAL:	

Figure 74: Monthly Reporting Template

3. Financial Planning

3.1 Developing Annual Operating Plans

Overview:
Within this chapter, we will discuss:

- Short and long-term objectives that can be achieved within the coming year in a number of functional areas of the tourism enterprise, including: product development, sales, marketing & promotion, operations, training, infrastructure/equipment repairs and improvements, and conservation & community development
- The basic steps to achieving these objectives
- Who will be responsible for achieving these objectives
- Overall costs for these activities

Materials:
- GANTT Chart

Time:
4 hours

Presentation

An annual operating plan describes the specific activities in which an enterprise will engage during the coming year to improve its profitability and quality. The process of developing an operating plan is also a chance for the entire enterprise to share its ideas and vision for the coming year, while at the same time turning that vision into specific and achievable steps and goals that are understood by all.

The timing of the development of an annual operating plan is important, and should take place at the end of the fiscal year and BEFORE year-end profit sharing. This way, it allows the enterprise to allocate a certain percentage of the previous year's profits to support the projected costs of the operating plan for the coming year.

The entire process of developing an annual operating plan should include ALL members of the tourism enterprise – not just Managers or Board members. At least 2-3 days should be set aside to go through the entire year-end process, which in addition to developing an operating plan also includes developing an annual operating budget and profit sharing/distribution (which we will cover in the coming chapters).

Process: Define Operating Plan "SMART" Goals

1. Review of Current Operating Plan
   The first step in the process is to review the current operating plan, if one exists. The members should review and discuss:
   a. Any *successful* activities (such as promotional campaigns or staff training programs) that the enterprise would like to continue into the coming year.
   b. Any *unsuccessful* activities that the enterprise would like to eliminate from is operating plan and budget for the coming year.
   c. And *new* activities that might be proposed during the review based upon the previous year that should be included in the coming year.

The enterprise Secretary or similar board member should keep detailed notes of the meeting, which should be led/facilitated by the enterprise Manager.

2. Development of New Annual Operating Plan
   Next, a series of discussions should take place in regards to objectives and goals that include, but are not limited to, the following functional areas of the enterprise. A list of potential goals for each area is included (examples included below):

Make Your Goals SMART! All of these goals meet the following criteria:	Example of a goal that is NOT "SMART": **The enterprise will develop a bunch of new tours.**
S = Specific **M** = Measurable **A** = Attainable **R** = Relevant **T** = Timely	Example of a goal that IS "SMART": **The enterprise will develop 3 new tours (1 kayaking, 1 hiking, and 1 birding) by the end of June 2012.**

- **Product Development**: New products, services, tours that the enterprise would like to develop or improve in the coming year. Examples include:
  - *2 new tour products developed by the end of the year*
  - *Add boxed lunch to rainforest hiking tour before June*
  - *Develop new 4km nature trail around cabanas in the 2nd quarter*
- **Marketing & promotion**: Effort to better promote and market the enterprise and its products. Examples include:
  - *Distribute posters and brochures in 5 more cities before the end of the year*

    - *Increase monthly website visitors by 25% for the year*
    - *Develop and place new promotional banners for hotels before the high season*
    - *At least 2 national and 1 international story about tour products and enterprise published in magazines/paper by the end of the year*
    - *Apply for at least 1 ecotourism award in the coming year*
- **Sales**: Increased number of clients, costs per tour/product, etc. Examples include:
    - *An annual 10% increase in revenues, gross profit, or net profit over last year*
    - *3 new sales points/partners by August*
    - *An 5% increase in gross or net profit margins for the year*
    - *Increase direct sales by 30% by the end of the year*
- **Operations**: Improvements in the overall operations of the enterprise. Examples include:
    - *An 10% increase in customer satisfaction ratings by the 4th quarter*
    - *Creation of a client "thank you/follow up" email program in the next month*
    - *Evaluate staff every 3 months to improve performance*
- **Training**: Efforts to improve the capacity/knowledge of the enterprise staff. Examples include:
    - *A new staff training program developed by second quarter*
    - *5 additional nature guides certified/trained before high season starts*
    - *Customer service training program for all staff in the next month*
- **Infrastructure and equipment repairs/improvements**: New or improved infrastructure or equipment, including lodging, dining, trails, transportation, etc. Examples include:
    - *5 new rooms added to the ecolodge by the end of the year*
    - *Private bathrooms added to all of the cabins when the bank account reaches $5,000*
    - *4 new binoculars purchased in the next two weeks*
    - *All identified needed repairs fixed in the first 3 months of the new year*
- **Conservation & Community Development:** Increased investment in conservation and community development projects supported by the enterprise. Examples include:
    - *Increase contribution to "conservation fund" by 5% by the end of the year*
    - *Develop and initiate environmental education program for grades 1-6 in local school by October*

3. Finalize your list of at least 1-3 goals for each of the functional areas of the enterprise and finalize the list to be shared with all of the enterprise members.

Production:
Now that you have your goals defined for the year, it's time to list the specific activities that your enterprise will need to complete to achieve those goals.

<u>During the course:</u>

- Create a table that list each activity of the goal, the person responsible for that activity, and a projected time of when that activity will take place and be completed.
  IMPORTANT! Although only one person is <u>responsible</u> for ensuring that activity is completed, he/she will depend on the support of the entire group to complete the activity.

Example:

SMART GOAL: Develop and implement an environmental education (EE) program for grades 1-6 in the local schools															
Activity	**Responsible**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**June**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Resources Needed**	**Notes**
Contact local conservation NGO to get help in developing environmental education program	Javier		X												Meet with local NGO
Contact local Peace Corps volunteer to get help in developing environmental education program	Maria		X											Support of Peace Corps main office	Local PC volunteer is David Price
Develop overall topics/concepts to be taught in environmental education program	Maria			X										Support of local PC volunteer	
Meet with school administrators to present program and receive approval	Javier				X										Bedilu Shegen is the Administrator
Develop environmental education program and materials	Javier				X	X								500 for environmental education materials	Posters, puppets, song, coloring book, buttons
Teach environmental education program to grades 1-3	Enterprise Members						X	X	X					Enterprise volunteers	
Teach environmental education program to grades 4-6	Enterprise Members									X	X		X	Enterprise volunteers	

Upon completion of the work plan, you are ready to proceed to the next step: developing an annual operating budget.

3.2 Developing Annual Operating Budgets

Overview:
Within this chapter, we will discuss:

- How to determine the annual Indirect costs (also known as administrative or operating costs) of planned activities during the upcoming year within the various functional areas of the enterprise: product development, sales, marketing & promotion, operations, training, infrastructure/equipment repairs and improvements, and conservation & community development.

Materials:
- All **Service Orders** for the year
- The enterprise's **Revenue & Expense Journal** with all of the financial entries for the year
- Annual Operating Plan

Time:
4 hours

Presentation:

Now that you have developed your planned activities for the upcoming year, it is critical that you assign projected amounts to these INDIRECT costs in order to ensure that existing profits can be dedicated to supporting some of these costs before the money is distributed to enterprise members.

This step is important because for a tourism enterprise to sustain itself and grow, it MUST REINVEST a majority of its funds back into the enterprise – for projected costs, enterprise expansion and improvements, as well as for unforeseen emergencies.

Tourism Tip!
MOST SUCCESSFUL ENTERPRISES RE-INVEST THE MAJORITY (50-75%) IF NOT ALL OF THEIR YEAR-END PROFIT BACK INTO THE ENTERPRISE TO CONTINUE TO IMPROVE AND GROW IT – ESPECIALLY DURING THE FIRST 5 YEARS OF THE ENTEPRISE.

Similar to the creation of an annual operating plan, the timing of the development of an annual operating budget is critical. The annual operating budget should be developed just prior to the year-end profit sharing process and the beginning of the next fiscal year.

Process:

Step 1: Gather all your documents

- All **Service Orders** for the year
- The enterprise's **Revenue & Expense Journal** with all of the financial entries for the year
- Annual Operating Plan

Step 2: Determine Final Year-End Tour Revenue

- Review the entire year's tour revenue, costs, profit, and profit margins for all sales based upon the financial information contained in the **Service Orders,** the **Revenue & Expense Journal,** the **Bank Account Journal,** as well as supporting bank account records and documentation.
- Verify any costs with actual receipts, as necessary
- Determine year-end gross profit (profit before indirect operating costs and taxes) according to the enterprise's **Revenue & Expense Journal** and **Bank Account Journal**.
- Reconcile this amount with actual cash in bank account
- Determine and record any significant differences between enterprise profit in the Revenue & Expense Journal vs. actual cash in bank account for review with enterprise Manager, accountant, staff, and board of directors.
- Determine Enterprise's year-end final gross profit.

Step 3: Create Annual Financial Report and present to the Board of Directors

- Using the information gathered during Step 2, the Manager should create a succinct and clear Annual Financial Report.
- The report should include a summary of the following points
    - Annual tour revenue
    - Annual non tour revenue
    - Annual direct tour costs

    - Annual indirect or non tour costs
    - Net Profit for the enterprise
    - Profit distribution
- The profit distribution will depend on the specific percentages established during the enterprise or cooperative formation. All enterprises will need to distribute profits to the following categories:
    - Reinvestment
    - Community Development and Conservation Fund
    - Dividends/Profit Sharing for Enterprise members
- This report should then be presented to the board of directors and enterprise staff for review.

Annual Financial Report

Year:	2011
Completed by:	Amare Shiraw
Date:	23-Dec-11

Yearly Financial Summary

Revenue (+)	**Tour**	165,496.50
	Non Tour	6,385.00
Costs (-)	**Tour**	54,924.35
	Indirect	66,024.26
		50,932.89

Client Information

Month	Number of Tours Sold	Total # of Pax	Average # of Pax per Tour	Majority Nationality	Majority Sales Channel	Top Selling Tour	Top Selling Non Tour Item	Notes
January	19	115	6.1	German	Ethio Guzo	Waterfall Hike	Postcards	
February	20	121	6.1	German	Kirban	Waterfall Hike	Postcards	
March	18	110	6.1	German	Ethio Guzo	Waterfall Hike	Hats	
April	10	49	4.9	American	FIT	Bird watching	Hats	
May	0	0	0.0			Bird watching	Hats	
June	0	0	0.0			-	-	
July	9	42	4.8	American	FIT	-	-	
August	8	39	4.9	American	FIT	Horseback	Scarves	Added scarves in July
September	17	97	5.6	American	FIT	Horseback	Scarves	
October	21	125	6.0	German	Ethio Guzo	Horseback	Scarves	
November	25	136	5.4	German	Greenland	Waterfall Hike	Scarves	
December	27	142	5.3	German	Greenland	Waterfall Hike	Scarves	
Average/Total	**174**	**976**	**5.6**	**German**	**Ethio Guzo**	**Waterfall Hike**	**Scarves**	

Financial Information

Month	Tour Revenue	Direct /Tour Costs	Gross Profit	Gross Profit Margin	Non Tour Revenue	Indirect Costs	Net Profit	Net Profit Margin	Notes
January	19,202.50	6,400.83	12,801.67	66.67%	100.00	5,800.09	7,101.58	37%	
February	21,345.00	6,624.31	14,720.69	68.97%	245.00	5,750.00	9,215.69	43%	
March	18,750.00	6,730.77	12,019.23	64.10%	500.00	5,945.00	6,574.23	35%	
April	7,681.00	2,660.74	5,020.26	65.36%	600.00	5,224.00	396.26	5%	
May	-	-	-		250.00	4,500.09	(4,250.09)		
June	-	-	-		-	4,234.00	(4,234.00)		
July	7,050.00	1,788.81	5,261.19	74.63%	-	5,250.09	11.11	0%	
August	6,525.00	2,086.22	4,438.78	68.03%	500.00	5,567.00	(628.22)	-10%	
September	16,362.00	5,454.00	10,908.00	66.67%	745.00	5,804.00	5,849.00	36%	
October	22,346.00	7,759.84	14,586.16	65.27%	1,000.00	5,657.00	9,929.16	44%	
November	22,835.00	8,382.47	14,452.53	63.29%	1,200.00	5,834.00	9,818.53	43%	
December	23,400.00	7,036.36	16,363.64	69.93%	1,245.00	6,459.00	11,149.64	48%	
Total	**165,496.50**	**54,924.35**	**110,572.15**	**67.29%**	**6,385.00**	**66,024.26**	**50,932.89**	**28%**	

Profit Distribution

Category	Percentage	Total Profit
Reinvestment Fund	40%	20,373.15
Community Development Fund	30%	15,279.87
Profit Sharing	30%	15,279.87
Total	100%	50,932.89

Figure 75: Annual Financial Report Example

Step 4: Determine projected operations costs for the coming year

- For each of the cost categories (see table below) use the **Revenue and Expense Journal** and the Annual Financial Report to review and document:
    - The actual amount of money expensed year-to-date on the cost category
    - The activities within the coming year's annual operating plan that fall into this cost category.
- Complete a budget that captures both of these costs for each category (past 12 months and projected 12 months)

ANNUAL OPERATING BUDGET

INDIRECT COSTS	Year-To-Date ACTUAL Costs	Next 12 Months PROJECTED Costs	Notes:
Salaries			
Manager	12,000.00	13,200.00	
Shopkeeper	6,000.00	6,600.00	
Trail Maintenance	2,000.00	2,200.00	
Guards (4 Guards)	11,300.00	12,430.00	
TOTAL:	**31,300.00**	**34,430.00**	
Operations			
Wireless Phone	2,569.00	3,000.00	
Electricity	575	650	
Water	524	650	
Cleaning Supplies	607.00	800.00	
Office Supplies	1,325.00	1,500.00	
TOTAL:	**5,600.00**	**6,600.00**	
Marketing & Promotion			
Transportation	2,564.00	3,000.00	
Print Promotion	2,296.00	3,000.00	
TOTAL:	**5,763.26**	**7,000.00**	
Depreciation			
Depreciation	23,361.00	23,361.00	
TOTAL:	**23,361.00**	23,361.00	
TOTAL INDIRECT COSTS	**66,024.26**	**71,391.00**	

PROFIT DISTRIBUTION PLAN	2011 USAGE	PROJECT 2012 USAGE	Notes:
Product Development			
Trails	-	1,000	
Lodging	2,000.00		
Trail Signs	345.00	1,000	
TOTAL:	**2,345.00**	**2,000**	
Training			
Guide Training	5,000.00	1,000	
Customer Service Training	2,000.00	-	
TOTAL:	**7,000.00**	**5,000**	
Infrastructure			
Maintenance & Repairs	1,445.00	8,000	
TOTAL:	**1,445.00**	**2,000**	
Conservation & Community Development			
Conservation Fund Contributions	8,500	10,000	
Community Scholarship Fund	2,000	5,000	
TOTAL:	**10,500.00**	**15,000**	
TOTAL PROFIT USAGE	**15,290.00**	**22,000**	

TOTAL ENTERPRISE BUDGET	**90,135.00**	**93,391.00**	

Figure 76: Annual Operating Budget Example

3.3 Profit Sharing

Overview:
Within this chapter, we will discuss:

- The value of member/staff volunteer labor contributions to the enterprise, and potential strategies to compensate those contributions
- When to distribute profit to members/staff
- The **Enterprise Member Contribution Book** and how it is used to determine each member's contributed days of labor to the enterprise and to the conservation/community development projects the enterprise supports
- How to determine a percentage of time each member has contributed
- How to determine a "dividend" value based upon the total amount of time contributed and the total profit to be distributed amongst members
- How to distribute year-end profits with each group member

Materials:

- Each Manager should have a blank **Enterprise Member Contribution Journal**

Time:

2 hours

Trainer Notes:

- Each Manager should have a blank **Enterprise Member Contribution Journal** to set up during this lesson. The journal can be a simple bound notebook.

Presentation

Every enterprise needs to have a strategy for what to do with its year-end profits (after money is reinvested back into the business for projected indirect costs and other needs).

Every enterprise also depends heavily on its members to contribute labor and time over the course of the year to help with repairs and maintenance. If a member contributes their own time to somehow improve the enterprise, that money that would have otherwise gone to a laborer outside of the enterprise for their services rendered (such as a carpenter or a mechanic) now remains in the enterprise's revenues, to be used for either reinvestment, or to be shared with enterprise members at the end of the year.

Why do we wait until the end of the year to share profits?

Well, first…we never know when we will need that money during the year for emergencies, and if we constantly took money out of the enterprise's profit throughout the year, there would never be any "reserves" or extra money for unexpected (or expected) costs.

Second, by waiting until the end of the year, it gives the enterprise a chance to record and award any volunteer unpaid labor each member contributes to the enterprise during the year. Rewarding this investment of labor and time by members in the enterprise is a good way to encourage individual investment in the enterprise, and makes everyone feel like they are building something together.

Finally, enterprise members should also be able to earn a percentage of the year-end profit (also sometimes referred to as "dividends" or "shares") by contributing their time to conservation and community development projects that the enterprise is supporting. This way, it also encourages member support of these important efforts by rewarding their time at the end of the year.

Process: Profit Sharing

Step 1: Determine what types of unpaid time and labor activities qualify to earn year-end profits: It's important that everyone in the enterprise understands what kinds of activities might qualify to earn a percentage of year-end profits. It's important that the enterprise identifies a number of activities that all of the enterprise members can contribute to and benefit from.

REMEMBER! Only unpaid member labor and time qualifies as a contribution…not work they are doing related to jobs or responsibilities for which they are receiving a salary. Each enterprise needs to determine which of these activities applies to their enterprise, but the following are a few examples:

MANAGEMENT	MAINTENANCE	CONSERVATION	COMMUNITY
• Enterprise meetings • Trainings	• Vehicle/motor repair • Infrastructure repair (roofs, furniture, plumbing, decorations, etc.) • Grounds keeping/ gardening • Equipment repair and cleaning	• Conducting monitoring & research activities • Teaching environmental education classes • Supporting conservation awareness campaigns	• Building/repairing schools and healthcare facilities • Helping with orphanages or elderly homes • Community improvement projects (water, waste, etc.)

Figure 77: Examples of Potential Enterprise Member Unpaid Labor Contributions

Step 2: Set up the **Enterprise Member Contribution Journal**

The **Enterprise Member Contribution Journal** is used to document the various contributions of enterprise members throughout the year. Management of the journal is typically the responsibility of the enterprise Manager, Administrator, or a member of the Board of Directors. It's best to use a separate bound notebook as the **Enterprise Member Contribution Journal**, and the journal should contain the following information:

- Enterprise member name
- Description of contribution
- Days contributed
- Date contributed
- Signature of enterprise member
- Signature of person entering the information in the journal (Manager, Administrator, etc.)

In order to make totaling each member's contributions easier at the end of the year, the best way to organize the **Enterprise Member Contribution Journal** is to give each member his or her own page. Each time that member contributes time or labor to the enterprise, the person managing the journal goes to that member's page and enters the contribution.

Let's look at an example of the **Enterprise Member Contribution Journal** from Rainforest Tours for one of the enterprise members Meliza Bodden:

ENTERPRISE MEMBER CONTRIBUTION JOURNAL - 2011

Member: Meliza Bodden

Description of Contribution	Days Contributed	Date Contributed	Staff Signature	Manager Signature
Attented monthly enterprise meeting	0.5	4/1/11		
Repaired drapes in the cabanas	1	4/19/11		
Taught environmental education class	0.5	4/20/11		
Taught environmental education class	0.5	4/27/11		
Cleared trash from around ecolodge	0.5	4/30/11		
TOTAL	**3**			

Figure 78: Enterprise Member Contribution Journal – Individual Member Example

Here we can that Meliza has made five different contributions to the enterprise over one month.

Step 3: Record Unpaid Labor Contributions of Enterprise Members

- Throughout the year, the Manager or Administrator keeps track of the amount of time, usually calculated in days (either full days or half-days), that each member has contributed to the enterprise and its projects.
- For each contribution, both the staff member and the person entering the information sign the book to confirm the information is accurate.

Step 4: Conduct Year End Profit Sharing

- At the end of the year, the Mangers or Administrator calculates all of the member's contributions for the year and enters these totals in a separate page in the **Enterprise Member Contribution Journal.**
- Members review this information, verify the amounts, and sign their name next to their total in agreement.

- The total amount of days contributed by all members is added up. (EXAMPLE: 206 Days)
- The percentage of each member's days contributed is determined by dividing the member's total days by the total days contributed by all members. (EXAMPLE: 34 DAYS / 206 DAYS = 0.165 or 16.5%)
- This percentage represents the percentage of the total year-end profits that each particular member will receive.

Determine Individual Enterprise Member Year-End Dividend

- Based on the total year-end net profits to be shared with enterprise members that was calculated in the "annual budgeting" process…multiply individual year-end bonus percentages by total year-end net profit to be distributed (EXAMPLE: 16.5% x $5,654 = $933.18)
- Give profit sharing amounts to members and record all transactions in the **Revenue & Expense Journal.**

Here is an example of the year-end summary of enterprise member contributions for Rainforest Tours:

ENTERPRISE MEMBER CONTRIBUTION JOURNAL - 2011

2011 TOTALS

Year-End Net Profit = $ 5,654.00

Enterprise Member	Days Contributed	Percentage of Total	Profit Sharing	Staff Signature	Manager Signature
Meliza Bodden	34	16.50%	$ 933.18		
Mario Miller	5	2.43%	$ 137.23		
Alejandra Miller	15	7.28%	$ 411.70		
Raul Gonzalez	56	27.18%	$ 1,537.01		
Pilar Contanzo	23	11.17%	$ 631.27		
Luis Omar Fernando	12	5.83%	$ 329.36		
Jesus Mayoral	7	3.40%	$ 192.13		
Catrina Mayoral	23	11.17%	$ 631.27		
Maldo Fischer	31	15.05%	$ 850.84		
TOTAL	206	100%	$ 5,654.00		

Figure 79: Enterprise Member Contribution Journal - All Members Example

Production:

Manager/Mentor tasks to complete their Operations Manual:

During the course:

- Manger and Mentors sit down and list what types of activities qualify for profit sharing in their the **Enterprise Member Contribution Journal**
- Mangers and Mentors set up/create at least one member page in their **Enterprise Member Contribution Journal** as well as the year-end "totals" page

After the course:

- Mangers and Mentors set up/create all of the member pages in their **Enterprise Member Contribution Journal**

3.4 Updating Tour Costs & Prices

Overview:
Within this chapter, we will discuss:

- How to calculate both the historical trends of costs as well as projected costs
- What information needs to be communicated when tour prices are updated (usually increased) over time
- Who needs to be notified when prices are updated
- What forms of communications are best used to update clients and sales partners about price changes

Materials:
- None

Time:
4 hours

Presentation

The costs of your tours will change over time…it's called inflation. The price of gas, food, salaries…nearly everything…go up (and rarely come back down). Therefore, it is critical that you too update your costs and prices to reflect these changes over time.

When updating costs and prices…it's very important to project these changes over the LONG TERM…usually at least 18-24 months. What that means is when you update your costs and prices, you try to reflect what those costs will still be 1 or 2 years into the future.

Why do we do this?

First, it's because it takes a lot of time and money to update all of the various ways in which we communicate our prices to our clients and sales partners. Websites need to be changed, posters and brochures often need to be re-printed, and travel guides and online travel forums need to be contacted with the changes.

Second, the sales partners that we sell to – tour operators, travel agencies, and wholesalers – usually take our advertised prices and include those in their own promotional materials such as website, catalogs, and brochures.

Imagine how much it would cost (in time and money) both to us, as well as to our sales partners, If we updated our prices every six months. This is why we try and update our prices only once every 2 years or so.

Something else very important about updating prices is that both our clients and sales partners need LEAD TIME before they can adjust to our new prices. We can't have one price one day…and another (usually higher) price the next. We need to inform our clients and sales partners at least SIX MONTHS IN ADVANCE (and preferably more) of our anticipated price changes, so they too can adjust.

<u>Predicting Costs Trends</u>

Certain direct tour costs (as well as indirect administrative costs) tend to fluctuate more than others, and when updating these types of costs it's important to analyze the *historical trends* of that cost so we can better project what that cost may be in the future.

Why is this important? If we only update our tours costs (and therefore prices) once every two years or so…that means we need to predict what our costs will be two years from now…not just today. The easiest way to do this to make sure our profit margins are strong in two years is to predict what our costs will be in two years.

If during those two years our *actual* costs are <u>more</u> and our *projected costs*, that means that we will need to begin using part of our profit to pay for that difference, which also means our profit margins will be reduced. And we don't want that.

But it's also important to be as accurate as possible with our cost predictions because if it is too little, we may lose profit. But if it is too much, our prices (which are based on our costs) might become more than

our clients are willing to pay for our tour products.

Process:

Many tour products include some kind of transportation for the clients, such as motorboats or shuttles. Motorized transportation requires gas, and the costs of transportation are often one of the largest costs of tour products. Gas is also cost that tends to fluctuate (mostly increase) over time. Therefore, it is very important that we consider the *history of the cost* of gas so we can therefore use that information to help predict the *future cost* of gas.

In order to do that, let's simply fill in a table, or "Cost Chart", that helps us organize this information.

First, let's fill in the cost information for a gallon of gas.

Cost of Gas per Gallon

Year	4 Years Ago	3 Years Ago	2 Years Ago	1 Year Ago	Today	1 Year From Now	2 Years From Now
Cost per gallon	$ 2.75	$ 3.00	$ 3.30	$ 3.50	$ 3.75	???	???
Change in Cost		+ .25	+ .30	+ .20	+ .25	???	???

Figure 80: Cost Chart Example 1

According to the information we provided, the cost of a gallon of gas four years ago was $2.75, three years ago $ 3.00, two years ago $ 3.30, one year ago $ 3.50, and the price of a gallon of gas today is $ 3.75.

Next, let's calculate the difference, or change, in a gall of gas from the previous year. From four years ago to three years ago, it was + $ 0.25 (because it increased from $2.75/gallon to $3.00/gallon). From three years ago to two years ago, it was + $ 0.30. From two years ago to one year ago, it was + $ 0.20. From one year ago to today, it was + $ 0.25.

Now, let's calculate the average change in cost for the four years for which we have data.

AVG = Sum of cost changes per year / number of years
AVG = .25 + .30 + .20 + .25 / 4
AVG = 1.00 / 4
AVG = $.25

So, according to our calculations, over the last four years the average change in cost per year of gas was + $ .25 per year. Therefore, we can now project our cost of gas over the coming two years by using this average increase.

Cost of Gas per Gallon

Year	4 Years Ago	3 Years Ago	2 Years Ago	1 Year Ago	Today	1 Year From Now	2 Years From Now
Cost per gallon	$ 2.75	$ 3.00	$ 3.30	$ 3.50	$ 3.75	**$ 4.00**	**$ 4.25**
Change in Cost		+ .25	+ .30	+ .20	+ .25	+ .25	+ .25

Figure 81: Cost Chart Example 2

Using this cost projection, we can see that gas next year should cost about $ 4.00 per gallon, and in two years it should cost $ 4.25 per gallon.

Because we are updating our cost for the next two years, we use the figure of **$ 4.25 per gallon of gas** in our updated tour costs and prices so we can be sure our profit margins are good even if the cost of gas increases (which we know it will).

The same type of calculation can be used for other types of costs, particularly transportation, that might also increase each year. Here is another example for a shuttle service that we hire to pick up our clients from the airport and take them to our community ecolodge:

Cost of Shuttle per Person

Year	4 Years Ago	3 Years Ago	2 Years Ago	1 Year Ago	Today	1 Year From Now	2 Years From Now
Cost per Person	$ 20.00	$ 22.00	$ 22.00	$ 25.00	$ 26.00	**???**	**???**
Change in Cost		+ 2.00	+ 0.00	+ 3.00	+ 2.00	???	???

Figure 82: Cost Chart Example 3

In this case our calculation is:

AVG = Sum of cost changes per year / number of years
AVG = 2.00 + 0 + 3.00 + 2.00 / 4
AVG = 7.00 / 4
AVG = $1.75

In this example, our average increase each year for the cost of the shuttle per person was $1.75. Based on this information, we can fill in the cost projections for the next two years and determine how much we need to include in our updated tour costs for the shuttle.

Cost of Shuttle per Person

Year	4 Years Ago	3 Years Ago	2 Years Ago	1 Year Ago	Today	1 Year From Now	2 Years From Now
Cost per Person	$ 20.00	$ 22.00	$ 22.00	$ 25.00	$ 26.00	**$ 27.75**	**$29.50**
Change in Cost		+ 2.00	+ 0.00	+ 3.00	+ 2.00	+ 1.75	+ 1.75

Figure 83: Cost Chart Example 4

Based on this information, we know that we should include **$ 29.50 per person** in our updated shuttle costs.

Practice:

Determine the average change in cost and projected costs for the following tour items:

Cost of Gas per Gallon

Year	4 Years Ago	3 Years Ago	2 Years Ago	1 Year Ago	Today	1 Year From Now	2 Years From Now
Cost per Gallon	$ 1.50	$ 1.60	$ 1.75	$ 2.00	$ 2.10		
Change in Cost							

Cost of Boat Ride per Person

Year	4 Years Ago	3 Years Ago	2 Years Ago	1 Year Ago	Today	1 Year From Now	2 Years From Now
Cost per Person	$ 8.00	$ 8.00	$ 8.50	$ 8.75	$ 9.00		
Change in Cost							

Figure 84: Cost Charts for Practice Activity

Presentation: Communicating Changes in Tour Prices to Clients and Partners

After we update our tour costs and we have our new tour prices define, it is very important that we communicate those changes to our clients and our sales partners (such as tour operators and travel agencies) as early as possible.

When communicating our tour price changes, it's a good opportunity to include the following information to the audience we are targeting:

1. The new prices
2. Any special justifications/reasons for the new prices (ex. rising cost of gas). This is more important for our sales partners, and less important for our direct clients.
3. Any new tour products we might be offering

4. Our contact information (website, phone, address, email)
5. Appreciation of their business…a "thank you"

The following is a table of the various clients we need to update with new prices, and the ways in which we might communicate with them.

TARGET AUDIENCE	METHOD OF COMMUNICATION	IMPORTANT TO REMEMBER!
Direct Clients	Website	Give a specific date on which prices will change, as well as an indication of the new prices
	Print Promotion	Better to not include prices in expensive print promotion, but simply encourage clients to visit the website for prices
	Advertisements	Update graphic design of advertisements with new pricing information (if necessary), and update any/all publications with new ad
	Travel Guides	Send a letter (or better…email) to the editor of the travel guide with information
	Travel forums (internet sites)	Post new price information to any/all travel forums
Indirect Clients	Travel agencies	A letter and a phone call – at least SIX MONTHS prior – notifying them of the price changes
	Tour operator	
	Wholesalers	

Table 5: Audiences and Methods to Communicate Price Change Information

Practice: Pricing Update Letters & Emails

Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- Develop a list of sales partners that might need to be updated when costs and prices change

<u>After the course:</u>

- Develop a letter template that the enterprise can use to notify sales partners of price increases. Be sure to include the type of information outline in the section above.

4. Legal Issues

4.1 Legal Issues

Overview:
Within this chapter, we will discuss:

- The importance and benefits of registering a tourism enterprise
- The requirements that are specific to run a tourism enterprise; such as taxes, insurance, and permits
- A list of government agencies that can be relevant when the operations start and also for applying for funding.

Time:
2 hours

Trainer Notes:

- All of the legal issues that are explored within this chapter are country-specific…meaning they depend entirely on where the enterprise is being established. Therefore, before teaching the course the instructor should review all of the information needs that should be addressed prior to teaching this chapter.

Icebreaker
HUMAN TACO: Stick labeled note card (with taco ingredient) on the back of everyone's shirt. (e.g. the word "meat" printed on a note card). Have each player mingle around asking yes/no questions to find out the taco ingredient that is on their back. Explain the correct order of ingredients in a Human Taco: shell, meat, cheese, lettuce, tomato, salsa and then give the start command, "I'm hungry! Let's eat! Run for the Border!" Each individual must find out which ingredient they are and then find enough to form a complete Human Taco.

Presentation:

During this chapter we will be walking some of the legal issues that apply to the process of registering your tourism enterprise. These topics will include:

- Enterprise registration
- Taxes
- Insurance
- Permits

Enterprise Registration:

All tourism enterprise should be legally registered with their country's government. The benefits of completing the registration process may include the ability to receive certain governmental or non-governmental funding (such as loans and grants), to receive governmental training or technical support, the opportunity to apply for and receive permits (discussed later in this chapter) as well as the ability to establish and defend your enterprise's intellectual property and trade marks (such as your name and logo).

The process for registering your enterprise depends entirely on where it is located, but the governmental agencies often involved with enterprise registration include:

- Taxes Office
- Ministry of Tourism
- Business Registration Office

Tourism Tip…Hire a Lawyer!

Although this training (and the people teaching it) should help you to better understand the enterprise registration process, it is almost always a good idea to **hire a lawyer** who specializes in enterprise registration, as well as the taxes, insurance and permitting that might apply to your activities.

Because every country is different, it would take hundreds of pages to list the registration process for all countries. But in the interest of exploring some of the procedures and requirements for registration, the following page includes some example steps to register associations and cooperatives from various countries.

Example Association and Cooperative Registration Process

Process for Starting an Association	Process for Starting a Cooperative

• Organize members that are interested in the association into an interest group
• Obtain association application form from government
• Fill out association application form
• Create a name for your association
• Apply to the local municipality to get a recommendation letter
• Send application form and recommendation letter to government
• The government meets with the interest group to train them in association development
• The interest group members elects the Board of Directors (Chairperson, Secretary, Treasurer/Cashier, Controller and 3 Representatives)
• Obtain bylaws template from the government
• Evaluate the bylaws and make modifications to suit the enterprise
  ○ Name of enterprise
  ○ Logo of enterprise
  ○ Organizational structure
  ○ Names of top management
  ○ Determine income and profiting sharing
• Create business plan for the association
• Familiarize members with the plan
• Send the modified bylaws to government
• Send the modified bylaws to all association members
• Chairman gathers the registration fee from all the members
• Chairman sends the registration fee to the government
• Obtain certificate from the government
	• Organize at least X members of the community into an interest group
	• Host a founders meeting
	  ○ Assign note taker to keep the minutes of the founders meeting
	• Obtain cooperative application form from the government Include a name for your cooperative.
	• The government meets with the interest group to train them in cooperative development
	• The interest group members elects the Board of Directors (Chairperson, Secretary, Treasurer/Cashier, Controller and 3 Representatives)
	• Obtain bylaws template from the government
	• Evaluate and modify bylaws for the cooperative
	  ○ Name of cooperative
	  ○ Logo of cooperative
	  ○ Develop membership requirements
	  ○ Names, addresses and signatures of the members of the cooperative
	  ○ Names, addresses and signatures of the members of the cooperative management committee
	  ○ Detailed description that the cooperative members have met the requirements of membership
	  ○ Description of the land on which the society operates
	• Create business plan for the association
	• Familiarize members with the plan
	• Open a bank account
	• Create a document showing the amount of capital, the collection process and that it is in the bank account
	• Submit Application to government, which may include:
	  ○ Cooperative Application
	  ○ Minutes of the founders meeting
	  ○ Three copies of the modified Bylaws of the society
	  ○ Names, addresses and signatures of members
	  ○ Names, addresses and signatures of Board of Directors members
	  ○ A detailed description which proves that the registered members of the society have met with the requirements for membership
	  ○ Business Plan
	  ○ Capital collection and proof document
	  ○ Description of the land on which the society operates
	• Obtain certificate from the government

Table 6: Example Association and Cooperative Registration Process

Permits:
Some countries require that tourism enterprises possess certain permits, especially if your tourism enterprise operates in national parks or protected areas. Permits may also be required to own or operate certain equipment or infrastructure. Potential permitting requirements may include:

Equipment/Infrastructure Permits

- Lodging permits
- Restaurant/dining permits
- Transportation (boats, vehicles, etc.) permits

Park/Protected Area Permits

- Conducting any kind of tourism activities, particularly those that directly interact with wildlife and/or fragile ecosystems or habitats
- Conducting any kind of monitoring and/or research (which often takes place with "SAVE" tourism)
- Land access/land use
- Filming (documentaries, promotional videos, etc.)

Taxes:
The most common taxes related to tourism enterprises include the Value Added Tax (VAT), Income Tax, and Payroll Tax.

Value Added Tax (or "IVA" in Spanish…for *Impuesto al Valor Agregado*) is a form of "consumption tax". From the perspective of your clients, it is a tax that they must pay on the purchase price, and is calculated as a percentage of the sale price of the product or service.

Income tax is a percentage that your enterprise pays either on your revenue or profit.

Payroll taxes can include social security, health and pension contributions, education or training contributions, severance payments, or a number of other payments. As a business, you may need to include or calculate these charges into the salaries or daily rates you offer your enterprise staff.

Country	VAT Tax [1]	Corporate Income Tax [2]	Payroll Tax [3]
Mexico	15 %	28 %	Various Rates
Belize	10 %	25 %	Various Rates
Guatemala	12 %	5% of revenue *or* 31% of profit	15.5%
Honduras	12 %	25%	7% + 1.5% + 1%
El Salvador	13 %	25 %	7% + 6.8% + 1%
Nicaragua	15 %	30 %	15% + 2%
Costa Rica	13 %	30 %	26.2%
Panama	5 %	30 %	Various Rates

Table 7: Central American Tax Requirements

It's important that you include or calculate the cost of all of these taxes in the price of your products or the salaries or daily rates of your staff. Just as with enterprise registration, it's also critical that you have professionals both help you understand the tax laws in your country, as well as help you pay those taxes in an official and timely manner. In most Latin American and Caribbean countries your enterprise will pay big fines if you don't have your accounting books in order and you don't pay your taxes on time.

[1] Doing Business, IFC/The World Bank, 2011, <http://www.doingbusiness.org>
[2] *Ibid.*
[3] *Ibid.*

Insurance:
Many tourism enterprises choose to pay for insurance policies that protect their assets (money, infrastructure, and equipment) from any kind of legal action (e.g. lawsuits) brought against them or from other events such as natural disasters (e.g. hurricanes, fire) or theft.

Whether your enterprise carries insurance may be a requirement of the country in which you are working, it may be a requirement that certain partners have in order to do business with you (such as outbound tour operators) or it may be a choice that is entirely up to you.

Liability insurance protects your enterprise from lawsuits or other legal action in the case that someone, such as a client, is injured during their tour or visit. This type of insurance is particularly important with tourism enterprises that operation high-risk activities such as rafting, rappelling, diving, mountain biking, or some other adventure sport.

Property insurance provides protection against risks to property (including infrastructure, land, and equipment) such as fire, theft or weather damage. This may include specialized forms of insurance such as fire insurance, flood insurance, and earthquake insurance.

Tourism Tip!
Rather than purchasing individual insurance coverage for your tourism enterprise, some national industry associations (e.g. Mexican National Adventure Tourism Association) may provide umbrella coverage for all of its members…saving you money!

Practice:
Ask the group the following questions to open a discussion on the importance of enterprise registration.

- Why is important to register an enterprise? *Answers should include*:
    - To be a legal entity
    - To sells products/services and collect money
    - To gather and meet in public
    - To communicate with other NGOs and government offices
    - To obtain loans and credit
    - To obtain capacity building support from the government
- Why is it important to know the process of registering an enterprise? *Answers should include:*
    - To help the Mentors and Managers to support the emerging enterprise in their process of registration and establishments
    - Understanding the follow up steps needed after the initial registration, if this is already completed
    - Understanding the regular interactions that they will need to have with the cooperatives office.
    - Understanding the roles and responsibilities of the cooperative Board of Directors and they steps they have already taken during the registration

Industry Organizations, Associations, & Government Partners:
In your country, there may be a number of governmental and non-governmental organizations that could help your enterprise establish itself and grow. As the Manager of the enterprise, it is your responsibility to research, identify, and develop relationships and alliances with these organizations that might be able to help you and your enterprise.

Below is a list of national associations, institutions, and agencies that exist in most countries, *potential* roles they might plan in tourism development, and *potential* benefits to your enterprise:

Partner	Potential Role	Potential Benefits
Industry Associations • Tourism associations • Small business associations • Ecotourism associations • Adventure travel associations • Community associations • Indigenous associations	• "Networking" with potential business partners • Credibility (shows you are part of a larger, established group) • Training support and publications • Industry statistics and trends • Consolidated purchasing (equipment, etc.) • Peer-to-peer learning	• Business contacts/partners • Stronger reputation • Long-term, specific training support • Industry information that helps you develop your products • More negotiating power with suppliers / better prices • Peer support
Ministry of Tourism	• Marketing and promotion of the country overall • Marketing and promotion of destinations within the country • Marketing and promotion of the niche travel within the country (ecotourism, cultural tourism, adventure tourism • National tourism training & certification program (for food, lodging, guides, etc.) • Determine tourism taxes (if applicable) • Promote tourism investment	• Free marketing support • Networking • Invitations to travel trade shows
Ministry of the Environment	• Permitting (especially for tourism activities in parks/protected areas) • Developing policy for tourism in parks/ protected areas	• Permits to operate • Policy that support communities and sustainable tourism
Ministry of Economic Development	• Investment promotion • Small business incubation (training, funding, technical assistance)	• Investments • Training and technical support
Ministry of Social Development (particularly with women's groups, indigenous groups, rural communities, etc.)	• Training and technical assistance • Grants and funding	• Training and technical assistance • Grants and funding
Protected Area Managers	• Important partners if operating in a park/protected area • Tourism planning and policy • Permitting	• Political support • Permits • Funding

	• Funding	
Local Municipalities	• Local policy and regulations that apply to tourism and your enterprise	• Political support – important to keep local politicians informed of your activities
Local Tourism Offices / Chambers of Commerce	• Destination/local marketing and promotion • Networking • Training and technical assistance • Funding	• Same as listed

Table 8: Potential Partners

Tourism Tip!

A good strategy to building relationships and alliances with these potential partners is to first determine what are the key motivations, needs, or incentives that they might have to work with you. For example…politicians like good publicity and photo opportunities they can show potential voters that they care about supporting local communities. Protected area managers are looking for your enterprises' support of local conservation activities. Then, find one or two individuals within each organization who support and empower your project, and maintain good communications and relations with them!

Production:

Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- Each Mentor and Manager should sit down and review the enterprise registration process for the country. Next, develop a work plan to complete the enterprise registration process that outlines:
    1. The overall steps
    2. Who is responsible to complete the step
    3. When it should be completed
    4. What information, documentation or resources is needed to complete the step

- Each Mentor and Manager review the list of potential partners and develop a list of who they should meet with and what are the objectives of those meetings (e.g. marketing support, permits, funding, etc.). Next, develop a work plan to meet with those potential partners.

<u>After the course:</u>

- Meet with a lawyer to discuss the requirements to register the enterprise.
- Meet with an accountant to discuss the taxes involved.
- Complete the registration work plan (above)
- Complete the potential partner work plan (above)

Tourism Tip!

Start the process of registering your enterprise as early as possible because in many countries it can take very long time. You may also need to complete the registration process before you can open your bank account.

5. Policies & Contracts

5.1 Reservation, Payment and Cancellation Policies

Overview:
Within this chapter, we will discuss:

- How to design a reservation, payment and cancellation policy to meet the needs of the enterprise.
- The importance of having these policies in the enterprise.
- How to communicate in a clear way to the client this policies.

Materials:

- Photocopies of the reservation, receipt templates and the quizzes for each student.
- Bank Slips for each student to practice on how to make deposits

Time:
4 hours

Presentation: Reservation, Payment and Cancellation Policies

In all tourism enterprises there should be rules that help regulate interactions with clients, especially pertaining to reservations and payments. From the moment a client purchases a tour, they should know what is expected of them in terms of payments and cancellations. It is the enterprise's responsibility to ensure that these rules are clear to the client.

The enterprise must communicate the process and requirements of making a reservation and paying for a tour so that there are no misunderstandings. Misunderstandings related to payments could cause a conflict between the enterprise and the client and damage the reputation of the enterprise. Remember that customer service is the most important part of running a successful tourism enterprise and customer service begins with clear communication.

The best way to minimize the change for a misunderstanding is to create clear and simple policies and communicate these policies to our clients. So for each of your enterprises you will need to create a Reservation, Payment and Cancelation Policy.

Reservation and Payment Policies help to guide the client through the process of booking a tour with your enterprise and sending money for the payment of that reservation. Having these policies already created prior to an inquiry from a client helps to ease the reservation process and provides the client with all the information they need to know right at the beginning of the process.

Cancellation Policies are also very important. As soon as the enterprise receives a reservation they will invest time in organizing the tour. They have to call the guides and horse handlers to check their availability and schedule. They may have to rent a car for transportation. Or even make a reservation at a hotel for a special tour. If a client cancels after you have already started to organize the tour, the enterprise will end up losing money. This is why it is important to charge a cancellation fee.

Before the client pays, he should receive the Reservation, Payment and Cancellation Policy so that he is aware of the enterprise's policies and there is no chance for misunderstandings in the case of a cancellation.

Warning!

Since many of your enterprises are very remote, we will have to create a Reservation, Payment and Cancellation Policy that works for your enterprise. This may mean that you are only capable of taking cash based payments at the time of service delivery and therefore cannot have a cancellation policy.

Also, you as the Manager will probably be working with inbound (local or national) tour operators. In some cases, you will create strong partnerships with these tour operators and will need to negotiate payment and cancellation policies that work for their businesses as well.

Process: What to Include in your Reservation, Payment and Cancellation Policy

Payments and Prices

- Specify the currency in which you publish your prices
- Specific the currency that you except for payments
- Specify what taxes are included in the price (i.e. VAT, etc.)
- Specify which services are included or excluded, i.e. transportation, food, guide, tips etc.
- Note that the enterprise is not responsible for delays/cancellations caused by flight or transportation delays, i.e. planes or buses not included in the services that the enterprise is going to provide.
- Prices do not include bank fees associated with wire transfers

Reservations

- Specify how many days before the trip 100% of the price must be paid

Cancellations Policies

- Specify under what circumstances the enterprise will give a refund after a cancellation.
- Specify the refund percentage that you will reimburse due to a cancelation and scale the percentage according to the amount of days left till the commencement of the tour.

Payment

- State instructions for payments. For example,
  - Wiring the money from a bank abroad to the enterprises bank account in the country.
  - Payment in cash to a Addis Ababa based representative

Although some companies used services like Western Union or Money Gram, we don't recommend these because:

- They charge very high commission rates
- European countries do not have Western Union or Money Gram

The advantages to receiving money through wire transfers to the bank are:

- The fee the bank charges usually is very low
- It takes three working days to come in the account from any part of the world
- It is better for accounting purposes.

Examples of Payment and Reservation Policies

TOUR/GENERAL CONDITIONS	
• All rates are in U.S. dollars (U.S.) • Rates include 7% VAT and 2% Tax from the Ministry of Tourism. • Rates include all services as specified in the itinerary including accommodation, meals, transfers, guide, tours, boats, and admissions. • Rates do not include alcoholic beverages. • Rates are subject to change without notice. • Rainforest Forest Tours is not responsible for delays, changes or cancellations caused by airlines (technical, schedule changes, etc.), natural disasters of any nature (hurricanes, floods, earthquakes, etc.).	
RESERVATIONS	
• 50% of tour cost must be received to reserve tour. • 100% of tour costs must be received 20 days prior to departure date. • There will be no refund for services not used voluntarily by the passenger(s). • There will be no refunds for no-shows.	
CANCELLATIONS	
• From 30 days before arrival 100% will be refunded (minus bank/transfer fees) • From 15 to 30 days before arrival 75% will be refunded • From 5 to 14 days 50% will be refunded • From 5 days or less no refund will be made.	
PAYMENTS	
• Payments may be made through the following options:	
○ **Cash or Check** to our Addis Ababa based representative: Sarah Ibrahim 3456 Tele Bole Addis Ababa, Ethiopia 0920 555555	
○ **Wire transfer** to the following account:	
INTERMEDIARY BANK (INTERMEDIARY BANK) Bank of America BI Account 1901466872 ABA 066007681 SWIFT BOFAUS3M	**FINAL BANK (BANK FINAL)** Industrial Bank 6 C 7-11 Z-10 Final ETHIOPIA – Addis Ababa, Ethiopia SWIFT: INDLGTGC Account: A-Travel # 060-000843-3

Table 9: Examples of Payment and Reservation Policies

Quiz!

1. Why are payment and cancellation policies important?

2. When is the proper time to send our clients or give our clients the policies?

Production:

Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- Develop a first draft of reservation, payment and cancellation policies for the enterprise

<u>After the course:</u>

- Finalize reservation, payment and cancellation policies and include in the Operations Manual.

5.2 Tourism Contracts

Overview:
Within this chapter, we will discuss:

- How to determine what service providers are needed by the enterprise
- How to negotiate with service providers on prices, commissions and procedures
- How to develop and sign contracts with services providers
- How to identify potential sales partners
- How to negotiate commissions and rates with sales partners
- How to develop and sign contracts with sales parnters

Materials:

- Sample Sales Agreement
- Forms for Service Providers, Tour Operators and Hotels (included at the end of the chapter)

Time:
2 hours

Presentation: Service Provider Contracts

In order to do business, your enterprise must build business relationships with the service providers (also called suppliers) and sales partners (tour operators, travel agents) that you work with. These relations are crucial for the success of the enterprise and should be defined in the marketing strategy.

It is very important that the enterprise has contracts signed with these partners to make sure that the enterprise is provided with the services that are requested for the agreed upon price. These partners could be transportation companies, restaurants, hotels or tours operators and they might provide the enterprise with services or the enterprise may provide them with services in some cases.
Written contracts with your partners will help your enterprise be able to provide consistently high quality services to your clients. Remember that a good Manager should foresee all possible scenarios and reduce potential mistakes that can ruin a tourist's experience.

Definition: "Service Provider"
A person or business that provides some kind of good or service that you purchase in order to sell your own goods or services.

Examples include transportation service providers (shuttle buses, boat owners), food service providers (restaurants, caterers), and lodging service providers (hotels, lodges)…to name a few.

Contracts with your suppliers/services providers will help you define the following:

- **Prices**: The price of a service or good that your enterprise must purchase is very important since it impacts your profit. A contract with a supplier must define the price of the good or service, exactly what this price includes and for how long the price is valid. Having these details in the contract will prevent mistakes and help you plan your enterprise prices. Additionally, the contract should include a clause about refunds if the supplier does not carry out the service as described in the contract.

- **Reservations & Cancellations**: When working with a supplier that provides you with a service, they may request that you let them know in advance when you need their service. How and when to make reservations with your supplier should be included in the contract as well as details on how to cancel and any penalties your enterprise must pay when cancelling.

- **Payment Policies**: The contract should also include details on how your enterprise can pay the supplier/service provider (prepaid, post paid or on a monthly basis).

If the agreements with your suppliers are verbal there is too much room for misunderstandings. Also, having standard prices in the contract will help you to project your own costs and price your products appropriately, otherwise your suppliers may change their prices without notice which will impact your profits.

Criteria to find service providers:

- **Price**: Although price is a very important part of deciding which suppliers to use, you must be sure to choose a responsible company. If the company does not fulfill its contracts or provide quality services the reputation or your enterprise will be impacted.

- **Quality**: When identifying suppliers, the Manager should examine and try the services first in order to assess their quality. For example:
    - Transportation: The Manager should examine the buses or cars to ensure that they are clean and in good condition.
    - Food: The manger should try the food to make sure that is tastes good and examine the kitchen to ensure that it is clean and hygienic.
    - Accommodation: The manger should examine the rooms to ensure that they are clean and talk to the management and staff that work there.

It is also very useful to talk to other tour operators or enterprises that have been in the tourism business longer to obtain recommendations for suppliers.

Negotiation

The Manager is responsible for identifying suppliers and negotiations with them. In order to do this, you will need to speak with the Manager of the supplier. While negotiating, you should ask the following questions:

- How far in advance will we need to reserve or schedule the service?
- When will we need pay for the services and how should the payment be paid?
- Specifically, what does each service include and what is the price?
- In high season, do you have enough capacity to provide the service on a consistent basis?
- Request a written description of the services and the price.

The content of a contract may include the following:

Agreement on Joint Commercialization

Date and place of the signage of the contract, the name of the representative of the service provider company, the name of the representative of the tour operator, who is requesting the services.

Whereas

- Sate the mission of the enterprise
- State the most important Sustainable Tourism Policies

Agreement

- Prices for the service, specifying per route, number of people, day fares, night fares (when does the night fare start to apply), capacity of the unit in the case of transportation.
- Hotel Rates, double, single, triple. Prices per person, if that is the case or per room.
- Policy to give away free tours
- State the period of time with dates when the prices are valid
- State that this contract can be revised in case one of the parties requests so.
- State how far in advance the enterprise should notify the suppliers in case of changes in prices.

Signature of both of the parties:

_____ _____

Figure 85: Contract Content Example

Presentation: Sales Partner Contracts

Although you will be able to sell your tours directly to tourists, most of your business will be done through tour operators or sales agents. These partners will be very important to your business and you should have a clear understanding of your relationships with them.

Definition: "Sales Partner"
A person or business that promotes and sells your tour products and services.

Local or national examples include inbound (local) tour operators, travel agents, hotels & lodges, tourism associations and chambers of commerce, and maybe even restaurants and internet cafes.

International examples include outbound (international) tour operators, international travel agents, and travel planning/booking websites.

Most businesses involved in distributing and selling your products will want to make money from selling your products. Tour operators, for example, are providing your enterprise with a marketing service by promoting your products to markets that you would not be able to reach on your own. In return for promoting your products, the tour operators will need to add their own profit margin onto the price of your tour. They can do this either by adding a commission or a profit margin market up.

A commission is an amount of money that is added to the price of your product when someone else is selling your product for you. Usually is it set as a percentage added on to the final price of the tour. Commission fees usually depend on your country and the tourism industry. In some countries it varies between 10% and 20%. In other countries it can be as high as 60%.

Definition: "Commission"
The amount of money paid to a sales partner who helps in some way to sell your product.

Instead the tour operators with whom you partner will add a profit margin mark up on the entire cost of their tour. In Ethiopia most of the tourists that come to your enterprise will be part of a package tour. This means that the individual tourists will probably not know how much they are being charged for the individual tour experience. Instead they will have paid the tour operator a lump sum fee that covers all of their expenses while in country: accommodation, food, transportation and tours/excursions. Just like you determined your costs to run a tour, a tour operator will determine the cost to run their entire tour and then add a profit margin on top of that. In this case, you probably will not need to negotiate a set mark-up rate since the tourists will not know the price they are paying for your tour.

The other pricing tactic that you can include in a contract with a sales partner is a discount. For those sales partners that can guarantee a certain volume of tours, you may be interested in providing a discount to them. It is important to remember that any discount you offer will come out of your profit margin. And be sure not to offer a discount so high that you can no longer cover the costs of providing the tour. A standard discount in Ethiopia would be between 5% and 10%.

In some cases commissions, mark-ups and discounts are important because they help you to make sure that all your partners are selling your tour at similar prices so there is no competition. It also will encourage your sales partners to keep your products in their itineraries for the long term.

It is important to sign contracts with tour operators and sales agents because:

- They promote your tour and sell it for you
- The more formal relationships you have with tour operators, the more tourists you can potentially receive.
- The enterprise brand will be seen in more locations meaning there is a higher chance that tourists will know about your enterprise.

The following are the parameters for negotiating and signing contracts:

- Make a list of all of the tour operators and sales agents (such as hotels) that you want to target.
- Identify the most important tour operators based on their volume and market. Remember that ecotourists are more likely to spend more money and stay longer in your communities so this may be a good criterion to use when short listing.
- Try to sign a contract with at least one of the three largest your shortlisted tour operators.

Process: Developing Contracts

Step 1: Create a list of the tour operators and sales agents with whom you are interested in partnering, identifying the appropriate contact person.

Step 2: Contact the desired tour operator or sales agent to arrange an appointment with the person in charge of contracts.

Step 3: According to the requirements of each tour operator or sales agent, develop a presentation containing the following information (remember, the presentation can only be 5-10 minutes long):

- Your enterprise story; highlight your community profile and human resources (local guides) as well as the importance of sustainability to your enterprise.
- The difference between your tours and those of other enterprises (why should they offer your tours?).
- Explanation of your products/tours; describe, among other things, the length, level of difficulty, what is included in the price and the list of recommended items for tourists to bring so that they can fully enjoy the tours (include photographs and client feedback).

Step 4: Bring promotional materials for each vendor (brochures, photographs, catalogues, etc.).

Step 5: Agree on dates, forms of payment and due dates for bills.

Step 6: Develop a list of prices and commissions with the tour operator or sales agent.

Note: Find out the requirements of each agency and hotel in order to develop the price list beforehand.

Step 7: Organize and offer familiarization trips for vendors and managers to create better understanding and secure commitments.

A familiarization trip, most often called a FAM trip, is a trip that your enterprise organizes for important stakeholders like tour operators and hotel owners. You should use this opportunity to showcase your products to these potential partners. Participants in FAM trips usually do not pay for anything including

their transportation to your enterprise, food, accommodation and the tour itself. Therefore you should be sure to include a budget for these types of marketing activities in your annual budget.

Step 8: Sign contracts with each sales partner. Be sure to include the amount of the commission and how payments will be made.

Step 8: Follow-up on relationships: visit vendors and managers periodically to find out their opinions and get feedback, as well as provide them with the necessary brochures and materials.

Step 10: Set up informational meetings with current and new vendors to reinforce their knowledge (because of constant employee turnover).

Warning!
Before sending signing the contract have a meeting with the sales partner to revise it and make sure everything is agreed by both parties! Remember that these sales partners will be selling your product for you, so you have to keep them happy!

Practice: Sales Partners

Fill in the table with sales partners that would consider buying and selling your tour products.

Sales Partner Business	Contact Person	Why is this good location?	Other Considerations

Table 10: Potential Sales Partner Table

Practice: Service Providers

Fill in the table service providers with businesses that you may need to buy goods and services from to operate your own enterprise.

Service provider	Contact Person	Services	Criteria Considerations

Table 11: Potential Service Provider Table

Quiz

1. Why is it useful to write a contract with suppliers/service providers? What are the advantages of having a contract?

2. Which criteria do you have to apply as you choose the suppliers/service providers?

3. Why is it important for your business give presentations to tour operators and hotels that are potential sales partners?

4. Summarize the 10 steps to sign a contract with a service provider.

5.3 Sustainable Tourism Policy

Overview:
Within this chapter, we will discuss:

- The Global Sustainable Tourism Criteria which will help the students to tailor Best practices for their own sites
- Examples how their enterprises can follow certain criteria, in order to have a Sustainable Tourism Policy

Materials:
White board, markers, a copy for every student of the Global Sustainable Tourism Criteria

Time:
3 hours

Trainer Notes:
To complete this lesson plan you need to use also the lesson plan on checklists where you can also create checklists for the staff with tasks they must complete in order to be sustainable.

Icebreaker: Hug A Tree

- Start on a track in a pleasant forested area.
- This activity works well as a break during a hike.
- The purpose is to get people engaged in non-visual, intimate encounter with trees, as well as the terrain.
- The activity also works well as a trust-building activity.
- The group needs reasonable maturity, such that the blindfolded people are cared for (golden rule: a blindfolded person must always be holding someone else's hand - or a tree) - watch out for careless guiding especially from macho males.
- For mature groups, a briefing may be enough; for less mature groups, do a demonstration.
- In pairs, one is blindfolded. The blindfolded person is to be the tree-hugger.
- The tree-hugger is lead through the trees and then placed next to a special tree. The tree-hugger touches the tree and tries to memorize its size, shape, location, texture, etc.
- The tree-hugger person is lead back to the starting point, takes his/her blindfold off and tries to locate his/her tree.
- Swap. Usually participants like to have a couple of turns at being blindfolded and trying to find a tree.

Presentation

Over the past decade, travelers have become more sensitive to purchasing tours and products that fit into the category of "Responsible" or "Sustainable" Tourism. As we learned at the beginning of the course, responsible or sustainable tourism has many definitions. But in general, it is a type of tourism that encourages positive benefits to communities and economies and minimizing negative impacts to culture and the environment.

Sustainable tourism is on the rise: Consumer demand is growing, which means that more tourists want to find tourism enterprises that are responsible. More travel industry suppliers and companies (i.e. tour operators, hotels etc.) are developing new green programs and governments are creating new policies to encourage sustainable practices in tourism.

But what does "sustainable tourism" really mean? How can it be measured and credibly demonstrated, in order to build consumer confidence, promote efficiency and fight false claims?

The Global Sustainable Tourism Criteria are an effort to come to a common understanding of sustainable tourism, and will be the minimum that any tourism business should aspire to reach. They are organized around four main themes:

> ***Leave nothing but footprints…***
> ***Take nothing but pictures…***
> ***Kill nothing but time…***
>
> *This phrase will help tourists understand how they should behave when in nature. With each one of the three sentences you can explain the importance of not throwing trash and not disturbing the natural habitat. It is a powerful tool to help educate people on how to practice sustainable tourism.*

1. Effective sustainability planning: This means how a business can be sustainable in the long-term, it implies that an enterprise should have a business plan with long-term goals to ensure growth and success.
2. Maximizing social and economic benefits for the local community: The community should participate as much as possible in the tourism activities as owners of small tourism businesses and also as staff members of the enterprise.
3. Enhancing cultural heritage: Cultural Heritage can be cultural features such as dances, techniques to plant, food, natural medicines but it also can be older buildings build by ancient cultures.
4. Reducing negative impacts to the environment: Activities should ensure that tourists do not harm the environment during the tour.

Although the criteria are initially intended for use by the accommodation and tour operation providers, they have applicability to the entire tourism industry.

Some of the expected uses of the criteria include the following:

- Serve as basic guidelines for businesses of all sizes to become more sustainable, and help businesses choose sustainable tourism programs that fulfill these global criteria;
- Serve as guidance for travel agencies in choosing suppliers and sustainable tourism programs;
- Help consumers identify sound sustainable tourism programs and businesses;
- Serve as a common denominator for information media to recognize sustainable tourism providers;
- Help certification and other voluntary programs ensure that their standards meet a broadly-accepted baseline;

- Offer governmental, non-governmental and private sector programs a starting point for developing sustainable tourism requirements; and
- Serve as basic guidelines for education and training bodies, such as hotel schools and universities.

The criteria indicate what should be done, not how to do it or whether the goal has been achieved. This role is fulfilled by performance indicators, associated educational materials and access to tools for implementation.

Global Sustainable Tourism Criteria

For more information, go to:
www.gstcouncil.org

Demonstrate effective sustainable management.

- The company has implemented a long-term sustainability management system that is suitable to its reality and scale, and that considers environmental, socio-cultural, quality, health and safety issues.
- The company is in compliance with all relevant international or local legislation and regulations (including, among others, health, safety, labor and environmental aspects).
- All personnel receive periodic training regarding their role in the management of environmental, socio-cultural, health and safety practices.
- Customer satisfaction is measured and corrective action taken where appropriate.
- Promotional materials are accurate and complete and do not promise more than can be delivered by the business.
- Design and construction of buildings and infrastructure:
    - Comply with local zoning and protected or heritage area requirements;
    - Respect the natural or cultural heritage surroundings in sitting, design, impact assessment and land rights and acquisition;
    - Use locally appropriate principles of sustainable construction;
    - Provide access for persons with special needs, for example appropriate infrastructure for people in wheel chairs.
- Information about and interpretation of the natural surroundings, local culture and heritage is provided to customers, as well as explaining appropriate behavior while visiting natural areas, living cultures and cultural heritage sites.

Maximize social and economic benefits to the local community and minimize negative impacts.

- The company actively supports initiatives for social and infrastructure community development including, among others, education, health and sanitation.
- Local residents are employed, including in management positions. Training is offered as necessary.
- Local and fair-trade services and goods are purchased by the business, where available.
- The company offers the means for local small entrepreneurs to develop and sell sustainable products that are based on the area's nature, history and culture (including food and drink, crafts, performance arts, agricultural products, etc.).
- A code of conduct for activities in indigenous and local communities has been developed, with the consent of and in collaboration with the community.

- The company has implemented a policy against commercial exploitation, particularly of children and adolescents, including sexual exploitation.
- The company is equitable in hiring women and local minorities, including in management positions, while restraining child labor.
- The international or national legal protection of employees is respected, and employees are paid a living wage.
- The activities of the company do not jeopardize the provision of basic services, such as water, energy or sanitation, to neighboring communities.

Maximize benefits to cultural heritage and minimize negative impacts.

- The company follows established guidelines or a code of behavior for visits to culturally or historically sensitive sites, in order to minimize visitor impact and maximize enjoyment.
- Historical and archeological artifacts are not sold, traded or displayed, except as permitted by law.
- The business contributes to the protection of local historical, archeological, culturally and spiritually important properties and sites, and does not impede access to them by local residents.
- The business uses elements of local art, architecture, or cultural heritage in its operations, design, decoration, food or shops; while respecting the intellectual property rights of local communities.

Maximize benefits to the environment and minimize negative impacts.

- Conserving resources
    - Purchasing policy favors environmentally friendly products for building materials, capital goods, food and consumables.
    - The purchase of disposable and consumable goods is measured, and the business actively seeks ways to reduce their use.
    - Energy consumption should be measured, sources indicated and measures to decrease overall consumption should be adopted, while encouraging the use of renewable energy.
    - Water consumption should be measured, sources indicated and measures to decrease overall consumption should be adopted.
- Reducing pollution
    - Greenhouse gas emissions from all sources controlled by the business are measured, and procedures are implemented to reduce and offset them as a way to achieve climate neutrality.
    - Wastewater, including gray water, is treated effectively and reused where possible.
    - A solid waste management plan is implemented, with quantitative goals to minimize waste that is not reused or recycled.
    - The use of harmful substances, including pesticides, paints, swimming pool disinfectants and cleaning materials, is minimized; substituted, when available, by innocuous products; and all chemical use is properly managed.
    - The business implements practices to reduce pollution from noise, light, runoff, erosion,

ozone-depleting compounds and air and soil contaminants.

- Conserving biodiversity, ecosystems, and landscapes
    - Wildlife species are only harvested from the wild, consumed, displayed, sold or internationally traded, as part of a regulated activity that ensures that their utilization is sustainable.
    - No captive wildlife is held, except for properly regulated activities, and living specimens of protected wildlife species are only kept by those authorized and suitably equipped to house and care for them.
    - The business uses native species for landscaping and restoration, and takes measures to avoid the introduction of invasive alien species.
    - The business contributes to the support of biodiversity conservation, including supporting natural protected areas and areas of high biodiversity value.
    - Interactions with wildlife must not produce adverse effects on the viability of populations in the wild; and any disturbance of natural ecosystems is minimized, rehabilitated, and there is a compensatory contribution to conservation management

Teaching Your Staff

In many developing countries the lack of education in environmental issues shows in the behavior of the people. This can be seen by simply looking at our parks and natural areas. Many places have trash and litter scattered around and so many protected areas are threatened by resource extraction (unsustainable agriculture, overfishing, illegal logging, mining, oil and gas, etc.).

Without proper education, the staff of the enterprise and members of the cooperative may not know how to integrate sustainable practices into their day-to-day behavior. Thus, it is very important to train both the staff and the wider community on best practices in sustainability.

The best way to train enterprise staff is to produce checklists on what they should and should not be doing within the enterprise.

Interaction with wildlife

- Land-based wildlife
- Coastal and marine wildlife
- Tourists will want to see wildlife when they are in nature. However, we need to be sure we are respecting animals and not interfering with their behavior or habitats. The proper way to interact with wildlife is:
    - Never chase or harass wildlife with a vehicle so that tourists can be closer to them. Chasing wildlife will hurt or stress them.
    - Never feed wildlife in order to encourage them to come closer to the tourist group. Certain types of food you can make them sick.
    - Adopt measures against making a lot of noise that can disturb and stress wildlife.
    - Do not encourage tourists to touch wildlife to avoid accidents, some animals look very cute but they bite hard.

Local communities

- Supporting local communities
- Interacting with local communities

- When interacting with local communities we have to be respectful. The enterprise inform tourists of the proper way of behaving and interacting with local communities including things like taking pictures and giving gifts.

Vehicles and boats

- Maintenance
- Anchoring
- Boats have to be well maintained all year long. If they are not maintained they can leak oil and gas which will harm the environment.

Eco- Lodges or Restaurants

- Buildings & Infrastructure
- Waste, Energy and Water management
- Pollution reduction
- When we are building, especially with funding provided by International Cooperation Agencies such as USAID, we have to explain how we are going to deal with issues of waste and water management. In many developing countries trash is burned but this is not a good waste management system because it pollutes the air. We, as Sustainable Tourism enterprises must find creative solutions such as recycling.

These are just some examples of staff training topics. You will need to determine which of the Global Sustainable Tourism Criteria are appropriate to your site and incorporate them into checklists and trainings for your staff members.

Practice:

Give the students a copy if the Global Sustainable Tourism Criteria and read it with them providing examples as you review each criteria point. When you finish reading the criteria, ask the participants to write activities or actions that they could do in their enterprises that help to meet the criteria and how they could measure if these actions. Each enterprise has to present it to the class and discuss the indicators and the implications for the business.

Production:

Manager/Mentor tasks to complete their Operations Manual:

During the course:

- Develop a checklist based on the Global Sustainable Tourism Criteria to apply for your enterprise.

After the course:

- Include specific activities that are performed to meet the Global Sustainable Tourism Criteria in your Annual Operational Plan.

Tourism Tip!

Having a tourism enterprise that promotes sustainable tourism is something to be very proud of. All of your enterprise activities that meet the Global Sustainable Tourism Criteria should be explained to the tourists. The more you explain about your Sustainable Travel policies the happier the tourists will be with your enterprise.

Quiz – Choose the right answer!

1. If we are a Eco- Lodge and we want to show our clients the animals of our natural areas we:
   a. Have birds in cages or other animals in cages for the tourist to see them and take pictures.
   b. Organize a morning bird watching tour and an evening crocodile tour for the tourist.
   c. Sell birds and other animals for the tourists to take home.

2. If we are a tour operator that takes tourists to see wildlife, in order to see the animals we:
   a. Build a tree platform that can barely be been seen and take the tourist up there with binoculars and wait for the animals to show up
   b. Put food out so that the animals come and eat and the tourist can see them
   c. We buy animals and train them to show up when the tourists are visiting

3. If we are a "Sustainable Tourism Tour Operator" you pack the box lunch in:
   a. A Styrofoam plate and give them drinks in plastic containers
   b. Use paper tissues for the box lunches and also aluminum foil to wrap the bread
   c. Use plastic reusable containers, organic juice from your garden in a big reusable bottle and fabric tissues

4. In our Eco- Lodge we:
   a. Build it with local materials and hired local labor to build it
   b. Cut the rainforest to make more space to build the pool
   c. Have a system to treat the used water

Warning!

Do not call your enterprise "eco", "green" or "sustainable" if you do not practice activities that are sustainable. Tourists that practice responsible tourism know a lot about this and they could be very upset if they realize you call yourself "green" just to make money.

Rainforest Tours' Sustainable Tourism Policy

We, the members of Rainforest Tours, are proud to adopt and promote the following "Sustainable Tourism Policy" in effort to operate and grow our business in a sustainable way that protects the natural and cultural resources of the protected areas in which we conduct our tours:

1. We will employ 100% local people in sustainable tourism, reducing their dependency on hunting, over fishing, and other extractive activities.

2. We will develop locally managed environmental projects that address conservation threats in the protected areas.

3. We will dedicate 10% of our gross sales to support local conservation projects.

4. We will train our nature guides to help monitor & enforce park regulations.

5. We will use all-natural, local building materials for lodges, cabanas, and dining areas.

6. We will keep tour groups to 12 people or less, reducing potential environmental impacts and wildlife harassment.

7. We will give our clients a reliable means of donating their time and money to local conservation projects.

8. We will manage our water/solid waste in an environmentally responsible manner.

Figure 86: Sustainable Tourism Policy Example

6. Enterprise Management

6.1 Organizational Structures

Overview:
Within this chapter, we will discuss:

- The structures, principles and benefits of cooperatives
- The Board of Directors roles and responsibilities
- The General Assembly roles and responsibilities
- Rules on how to avoid certain conflicts of interests for Board Members
- How to draft the enterprise's "by laws" or internal regulations

Materials:
- Examples of by-laws of cooperatives and associations in the country
- White Board
- Flip Chart paper

Time:
4 hours

Trainer Notes:
- Instructors need to research and provide examples of cooperatives, associations, and any other organizational structure options specific to the country – as well as any laws that apply to those organizational structures.

Icebreaker

DO YOU LOVE YOUR NEIGHBOR: The group stands in a circle in the center of the room. (Best if played with groups of 20 or more.) One person begins in the circle and says to an individual in the group, "_____, do you love your neighbor?" The individual pointed out can either say, "Yes I love my neighbors _____ and _____, but I REALLY love people _____ (wearing green, wearing glasses, etc.)" or "No, I do not love my neighbors _____ and _____." If the individual uses the first phrase, all members of the group with that characteristic must find a new spot in the circle at least three spaces from they are standing. The person with no space (last person remaining) becomes the caller. If the individual uses the second phrase, his/her two "neighbors" must switch places with one another. The group members move in quickly to "lose" their spaces. The last of the two becomes the caller.

Presentation: Cooperatives

Cooperatives started out as small grassroots organizations in Western Europe, North America and Japan in the middle of the last century. However, it was the Rochdale Pioneers that are regarded as the prototype of the modern cooperative society and the founders of the Cooperative Movement.

In 1844 a group of 28 artisans working in the cotton mills in the town of Rochdale, in the north of England established the first modern cooperative business, the Rochdale Equitable Pioneers Society. The weavers faced miserable working conditions and low wages, and they could not afford the high prices of food and household goods. They decided that by pooling their scarce resources and working together they could access basic goods at a lower price. Initially, there were only four items for sale: flour, oatmeal, sugar and butter.

The Pioneers decided it was time shoppers were treated with honesty, openness and respect, that they should be able to share in the profits that their custom contributed to and that they should have a democratic right to have a say in the business. Every customer of the shop became a member and so had a true stake in the business. At first the coop was open for only two nights a week, but within three months, business had grown so much that it was open five days a week.

The principles that underpinned their way of doing business are still accepted today as the foundations upon which all cooperatives operate. These principles have been revised and updated, but remain essentially the same as those practiced in 1844.

Statement on the Cooperative Identity

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1st Principle: Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one

member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation
Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence
Cooperatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle: Education, Training and Information
Cooperatives provide education and training for their members, elected representatives, Managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

6th Principle: Cooperation among Cooperatives
Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community
Cooperatives work for the sustainable development of their communities through policies approved by their members.

Benefits of a Cooperative

- Every country has a cooperative association, which offers the technical advice to form a cooperative and does a follow up during the life of the cooperative.
- They have established systems of accounting, by- laws and administrative procedures that are the same in every country.
- They train (often at no cost) the members of the cooperatives on financial and administrative procedures.
- They are ruled by the International Cooperative Alliance, which is in Geneva, Switzerland.
- There is little room for mismanagement of funds because audits are performed several times a year.
- Cooperatives are exempt from paying taxes.

Presentation: Board of Directors

The Board of Directors is a body of elected by the members of the General Assembly who jointly oversee the activities of the enterprise. A Board of Directors' activities are determined by the powers, duties, and responsibilities delegated to it or conferred on it by an authority outside itself. These matters are detailed in the enterprise's by-laws. The by-laws commonly also specify the number of members of the board, how they are to be chosen, and when they are to meet.

Members of the Board of Directors

The members of the Board of Directors often include a President, Vice-President, Treasurer, and Secretary.

Enterprise Committees

Enterprises may also have committees, made up of members, that are established to help support a certain functional area of the enterprise. These committees should have designated leaders, and might focus on one or all of the following areas:

- Training
- Discipline
- Quality Control
- Security

Role of the Board of Directors

The Board of Directors will supervise the establishment and the development of the business. When the business is up and running, the Board of Directors will make important decisions. These will likely include purchasing of major equipment and approving processes such as profit sharing, annual operating budgets, and annual work plans. To help them make these decisions, the Manager of the enterprise has to submit and make a presentation every month (or at some regular interval) regarding the finances of the company (sales, expenses etc.).

Authority of the Board of Directors:

- Approving and amending the by-laws
- Dismiss members of the Board of Directors and subcommittees if necessary
- Decide how the annual net profit of the enterprise is distributed (must be in line with what is described in the by-laws)
- Approve the annual work plan and budget of the enterprise
- Decide on general issues submitted by the Manager, Board of Directors member or other subcommittee members

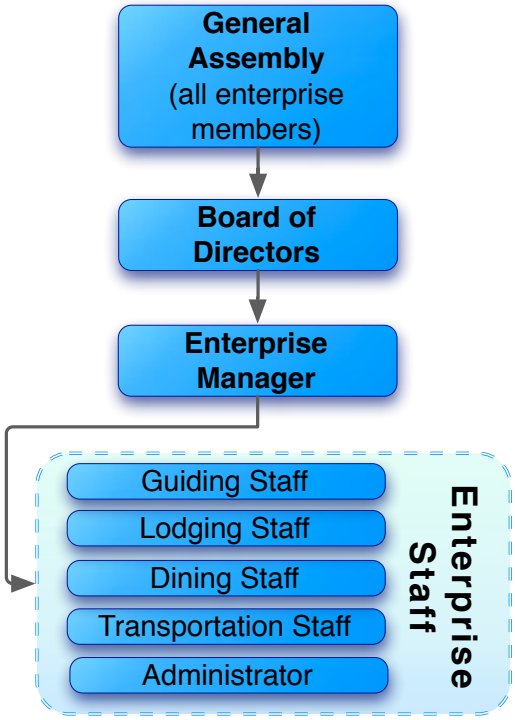


Figure 87: Enterprise Structure Example

Requirements of the Board of Directors:

- Maintain minutes of meetings in writing
- Maintain documents and books of accounts
- Host regular Board of Directors meetings
- Call meetings of the General Assembly
- Submit reports to the General Assembly on the activities of the enterprise
- Submit for inspection the activities they performed during their term of office when they leave the committee

The members of the Board of Directors do not make decisions on day-to-day operations such as hiring and firing staff, tour logistics, bank accounts, payments and sales, and marketing. This is all the

Manager's job--the Board of Directors exists mainly to make decisions concerning the long term decisions of the business. They also have to oversee the financials of the enterprise. The Manager is responsible and accountable to the Board of Directors.

Decisions the Board of Directors should not make:

- *Hiring and Firing Staff*: The Board of Directors members can suggest people to work in the office, but the Manager has to take the final decisions according to the person's skills. For firing staff, the Manager has to make that decision based on the employee's performance. If the Manager wants help or advice from the Board of Directors, he/she should ask them. This is the only way they can be involved in a decision like this.
- *Money Management:* A Board of Directors member cannot tell the Manager to take money out of the account without the approval of the General Assembly and the other members of the Board of Directors.
- *Service Provider Hiring:* A Board of Directors member can never oblige the Manager to hire the services of a certain service provider. The Manager has to approve service providers based on the quality and price of the services.

In a community enterprise, the main role of the Board of Directors is to ensure that the Manager is administering the business well. The Manager should not be a part of the Board of Directors because that could cause a conflict of interest. However, the Manager should have the right to vote in a decision-making process because:

- The Manager knows the day-to-day operations of the enterprise and also the challenges to operation.
- Since the Manager knows his staff's positive and negative qualities only he/she can give recommendations on firing people
- He/she knows the products of the enterprise very well, so he/she can give feedback in order to change or improve the products.

In order to make a decision in the Board of Directors regarding the enterprise, the Manager should give the committee an explanation with the pro's and con's and then everybody (including the Manager) should vote.

Election and Term

National law may set out certain guidelines for the election and term of Board of Directors members. These may include:

- Board of Directors Members shall hold a term of three years
- Members of the Board of Directors cannot be elected for more than two consecutive terms

Regulations on the Board of Directors

- Board of Directors members are not paid for their services but receive per diems if they have to travel to fulfill business related to the enterprise
- Board of Directors members must act in good faith and in the best interest of the enterprise.
- Board of Directors members must not use the enterprise's assets and equipment for their own profit or recreation.
- Board of Directors members cannot compete directly with the company. For example, a member of the Board of Directors could not start a business that offers the same products as

the enterprise.

Conflict of Interest

In a community, conflict of interest might be present in many decisions of the Board of Directors especially because sometimes everybody is family within one community. To prevent this, the by-laws have to be very strict on specific situations that might arise and cause conflict of interests. Among the situations that might come up could be hiring and firing staff. There must be a clear policy on this in the enterprise.

Presentation: General Assembly

The general assembly of the association or cooperative is all the members of the community that want to be members of the enterprise. They take decisions collectively related to large-scale issues of the enterprise together with the Board of Directors through a voting process. This decision-making process happens in the General Assembly on a quarterly or annual basis, although sometimes a special meeting would be called if necessary.

Requirements for membership in an enterprise or general assembly may include:

- An age requirement (e.g. at least age 14)
- Resident of the local community
- Must pay the share capital and registration fees required by the cooperative (not applicable for an association)
- Is willing to contribute to the association or cooperative and uphold the objectives of the organization
- Willing to donate a certain number of hours per year to maintaining and growing the enterprise
- All members must be registered including
    - Name, address, occupation, age and gender
    - Date of membership
    - The amount of shares held and the registration fee paid (if applicable)
    - The name and address of their heir

Warning!

The Board of Directors should consider a maximum number of people allowed in the Cooperative or Association so that the profits are not too diluted that no one really benefits from the profit sharing, yet enough members exist to provide the enterprise with the labor and support that is needed for it to become successful.

Being a member of the General Assembly has certain roles and responsibilities. The largest responsibility is to work towards the specific objective or goal of the association or cooperative.

Roles and Responsibilities of the Members include:

- Members must know and respect the by-laws
- Every member has one vote and must be present at a meeting to cast their vote
- Members are encouraged to keep up to date through the calendar, meeting minutes, and general information that will be available in the association or cooperative's office
- Members are encouraged to attend annual members' meeting
- In the by-laws of the cooperative or association it should be stated that members must attend meetings

- Members are encouraged to vote in Board of Directors elections
- Members in good standing may run for the Board of Directors
- Members are welcome to attend monthly Board of Directors meetings
- Members are allowed to withdraw from the organization with payment of his benefits (reimbursement of his original share contribution)

Usually in communities, members of a cooperative or association are very engaged at the start of the enterprise, but as time progresses people become less excited and stop attending the meetings. It is important to continually encourage their participation in the enterprise.

What are the benefits that the Members of the Assembly receive?
The members of the General Assembly are the owners of the business. At the end of the year, a certain percentage of the profits are divided amongst its members. The amount that the members receive is previously agreed upon and detailed in the by-laws. As members of the community, the General Assembly members will also benefit from community development programs that the enterprise supports.

Tourism Tip!
When presenting to the community, it is important to explain the roles of the Board of Directors, the General Assembly and the Manager. It is also very good to prepare a summary of the presentation and hand it out in the community to the people that attend to the meeting.

When electing the Board of Directors, the Mentor and the Manager should have the procedures on how to vote. Although they should facilitate the process, the Manager should have the right to vote since he is a member of the community. It should be a very transparent election process and the meeting should be prepared with a lot of time.

Quiz:

1. Why is it so important to have a Board of Directors? What do you see as their role in you community enterprise?
2. What is a conflict of interest? Give an example of a conflict of interest that could arise in your community.
3. What is the role and who are the members of the General Assembly?
4. What are the benefits that the members of the General Assembly receive?

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the course:
- The Mentor and the Manager should review the by-laws template and fill in the sections regarding the Board of Directors.

After the course:
- The Manager and the Mentor should present the full by-laws to the community and call elections to form the Board of Directors.

Presentation: Drafting By Laws

The by-laws of the enterprise are the foundation upon which the business will function. They lay out the basic rules and regulations that will govern the overall functions of the enterprise. It is important to have rules set out in the by-laws in an open and clear manner so that everyone involved in the enterprise, including the General Assembly, the Board of Directors and the staff, know what is required of them and what benefits they are entitled to.

Practice:

Ask the students to give examples of why detailing out rules and regulations are important. Discuss with the student the importance of having rules and regulations defined in a clear manner and available to everyone. Discuss examples of what might happen if the rules and regulations are not clear.

Presentation

In the past four modules we learned about the general outline of the by-laws as well as specific elements that are important for tourism businesses. These include:

- Defining the roles, responsibilities and benefits of the General Assembly
- Defining the roles, responsibilities and benefits of the Board of Directors
- Avoiding conflicts of interest
- Incorporating Gender Equity policies into the enterprise
- Defining communication mechanism such as meetings and record keeping
- Defining profit sharing techniques and details

In this lesson, we want to bring together all of the work that you have completed in the past four modules to create the first draft of the by-laws.

Process:

Creating the by-laws of the enterprise is a crucial step to launching the business. The below process details out how by-laws should be developed and approved.

1. Review by-laws template provided by the Cooperatives or Small Enterprise Office

2. Use information from prior training modules to complete each section of the by-laws

3. Prepare a presentation of the draft by-laws for the community/General Assembly

4. Present draft by-laws to the General Assembly, listen to their feedback and incorporate where appropriate

5. Revise draft by-laws and present to the General Assembly for a vote

6. Once the by-laws have been approved by a vote of the General Assembly, submit three copies of the by-laws with the application to the Cooperatives or Small Enterprise Office.

7. The by-laws of the society may be amended by the special resolution of the General Assembly. Within 30 days of the vote, three copies of the changed by-laws will need to be submitted to the cooperatives office. These amendments will be effective the date that they are submitted into the cooperatives offices.

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the course:

- Create the first draft of the by-laws including information learned during the course

After the course:

- Do a presentation in the community for validation and approval. Adapt the changes made and finalize the by-laws to register the association legally.

Tourism Tip!
The Manager and the Mentor should prepare the materials for the meeting with the community. For the meeting the Manager and the Mentor have to write the by-laws on flip chart paper and present them to the board of directors, not to the general assembly. For this meeting prepare photocopies of the by-laws for every member. As you present go by one and make sure everybody understands what you are explaining. Ask also for suggestions, remember in this process the community should feel they are involved in the decision making process.

Warning!
Do not go to the community without a first draft of the by-laws. Remember they can give their feedback but do not try to write up the bylaws from scratch with the communities because it will take too much time.

By-laws are very similar so try to have as many examples as you can and while writing the first draft, adapt them to your community based enterprise.

Enterprise By Laws / Internal Regulations - Template

I. The name of the enterprise/organization shall be [Name]

II. Board of Directors

1. The Board of Directors shall serve without pay and consist of [number of] members.
2. [Eligibility criteria, if are any.]
3. Board members shall serve [number of years, usually two to four] terms.
4. Board members with [number] of absences shall be dismissed from the Board.

III. Officers

1. The officers of the board shall consist of a Chair, Vice Chair, Secretary, and Treasurer, Speaker I,II,III nominated by the Board.
2. Elected officers will serve a term of (number of years).
3. (a)The Chair shall preside at all Board meetings, appoint committee members, and perform other duties as associated with the office. (b)The Vice-Chair shall assume the duties of the Chair in case of the Chair's absence. (c)The Secretary shall be responsible for the minutes of the Board, keep all approved minutes in a minute book, and send out copies of minutes to all. (d) The Treasurer shall keep record of the organization's budget and prepare financial reports as needed.

IV. Committees

1. The Board may appoint standing and ad hoc committees as needed.

V. Meetings

1. Regular meetings shall be held on [frequency and time of meetings]
2. Special meetings may be held at any time when called for by the Chair or a majority of Board members.
3. Agendas shall be provided at least [number of days] in advance.

VI. Voting

1. (a) A majority of board members constitutes a quorum. (b) In absence of a quorum, no formal action shall be taken except to adjourn the meeting to a subsequent date.
2. Passage of a motion requires a simple majority (i.e., one more than half the members present, or whatever your board's decision-making process might be.)

VII. Conflict of Interest

1. Any member of the board who has a financial, personal, or official interest in, or conflict (or appearance of a conflict) with any matter pending before the Board, of such nature that it prevents or may prevent that member from acting on the matter in an impartial manner, will offer to the Board to voluntarily excuse him/herself and will vacate his seat and refrain from discussion and voting on said item.

VIII. Amendments

1. These by-laws may be amended by a two-third vote of Board members present at any meeting, provided a quorum is present and provide a copy of the proposed amendment(s) are provided to each Board member at least one week prior to said meeting.

7. Communications

7.1 Conflict Resolution – Staff

Overview:
Within this chapter, we will discuss:

- How to deal with conflicts that can arise in day-to-day operations with the staff
- How to facilitate a meeting in order to resolve conflict

Materials:

- White Board
- Markers

Time:
2 hours

Trainer Notes:

- The trainer should make it clear that conflict resolution is very important and that problems should be addressed as soon as they arise. If problems are not solved quickly, they can generate gossip making the situation worse and harder to solve.

Presentation: Conflict Resolution with Staff

In day-to-day operations of an enterprise, a Manager may face conflicts between staff members. In a community-based enterprise, it can be difficult to confront these conflicts because you may be friends or relatives with the parties involved. The Manager must have a strong character to deal with these conflicts and be aware that people in the community may not be happy with the outcome of the conflict and blame you.

Let's begin by looking at a number of different types of staff conflicts, as well as some steps to resolve them.

1. Staff/members not performing in their jobs:

When a staff member fails to complete his or her job or does not perform well, it will impact the entire enterprise and will decrease the quality of service being offered. The Manager must address this issue. However, it can be difficult to address this type of problem since the staff member may be the Manager's friend or relative. Therefore, it is important that the Manager constantly remind the staff that their work relationship is separate from their friendship. This is not easy since people you are your friend will feel that they have any advantage in the enterprise. But, as the Manager you need to remain strong and remember that you are responsible for the success of the enterprise and sometimes you will have to reprimand your staff.

Steps to Resolve This Conflict:

If you realize that a staff member is not doing their job properly, you should meet with them and very calmly speak to him or her. You can talk about the following points:

- Take out the employee's job description and discuss it with him/her. Go over each point and discuss what the employee has and has not been doing and why. It is also useful to have the job descriptions posted in a visible place to make sure everybody knows his/ her job.

- Ask the employee is something is wrong in their life or if they are facing a problem. Sometimes we have problems at home and this affects our job performance. By asking them this question, it will also show your staff that you care about them. If they answer that they are dealing with a problem outside of the workplace, they can you provide some advice and let the employee know that you are there for them.

- If you have received a complaint form a tourist regarding a staff member, you should ask the employee to explain the situation in his/her opinion. Explain to the staff member what the tourist complained about and discuss with him/her what he/she could have done differently and possible solutions so that the conflict will not happen again. Remind the employee that the golden rule in the service industry is that "the client is always right".

- In some situations the staff member could become angry or upset when you talk to him/her. The best thing to do is to tell him/her:

    - To stop yelling because you are not yelling
    - To calm down because you just want to talk in a friendly manner
    - If he/she is not calming down tell them that you will talk later when they are more calm

- As Manager you have always to remain calm; never yell at your staff or be disrespectful because this opens the door for them to disrespect you.

Definition: "Mediation"
A way of resolving disputes between two or more parties in which a third party, or "mediator" assists the parties to negotiate a settlement or reach an agreement.

2. Staff/member not happy with their pay/compensation:

When a staff person is hired, the Manager should write a letter that states his/her compensation according to the nature of the contract. This letter should also contain additional benefits such as insurance, bonuses etc. The enterprise should ensure compensation and benefits are in accordance to the labor law of the country (see the "Hiring and Firing Staff" chapter). The employee must receive this letter, sign it and keep a copy. The enterprise keeps the copy sign by the employee in their files.

If an employee complains about the hiring process, you should review the hiring process with him/her and let them know it was a fair process with many checks and balances. If they are complaining about their compensation, review their contract with them and let them know that salary increases are only given on a yearly basis and are dependent on inflation and performance.

3. Conflicts Between staff members:

Working in tourism can often create demanding and stressful work environments. Keeping clients happy requires a lot of hard work…and when people are working together under these conditions…the possibility of staff conflict can be high. Conflicts between staff happen for a variety of reasons: they may have some disagreement, they may feel under pressure, or they might simply be unhappy about something totally unrelated to work.

Staff conflict typically happens because someone feels that another staff member is not doing his/her job properly. It also could be because they have personal issues between. Here are some tips on how to deal with this situation:

- As the Manager you have to call the parties involved and mediate. A mediator is a person that is impartial, meaning you don't favor either of the parties.
- Before you start mediating you should tell them rules that they have to follow.
- As the mediator you have to encourage a discussion between the parties asking them relevant question related to the conflict issue.
- The goal of mediation is to solve the problem and make the parties shake hands at the end of the intervention.

4. Conflicts between the community and the Manager:

As a Manager you may be seen as being in a better position in life than other community members. You have a steady job, you manage staff from the same community and you manage the enterprise's money. Because of these reasons, people can be jealous and start a rumor that you are not doing your job properly. Tips on how to deal with this situation:

- It is not pleasant to confront someone that is spreading a rumor, but it is best to have a conversation about rumor right away before they spread even further. As the Manager you

should always be transparent about what is going on in the enterprise and always be willing to share enterprise information with them.

- To avoid conflict and gossips, it is critical that you are critical that you **completely transparent** with your staff and enterprise members. Communicating important information like financial data from the enterprise, new sales partners and business opportunities, upcoming events and meetings, and work plan updates to your staff and enterprise members will help them to feel a part of enterprise management and vision…which of course they should be!

- *Be patient!* As a Manager you may have to be very patient with people and be willing to explain things over and over to make sure the understand. Don't forget…many of these concepts may be very new to you now…and will therefore be new to them as well. Take the time to explain things and include your enterprise members…it will help you do your job in the long term!

Disciplinary Committee
There are going to be situations that the Manager alone cannot solve so it may be important that the enterprise has a Disciplinary Committee that can act as a mediator if needed. If the conflict is very big, the committee should call an emergency meeting with the Board of Directors and the people involved in the conflict. The people that are members of the Committee must be well respected individuals in the community. The Disciplinary Committee should be present at General Assemblies or Board of Directors meetings if a conflict or problem will be discussed.

Process: Mediating a Conflict
As the Manager you may need to mediate conflicts between different people. You will be the facilitator of the conversation. Before the conversation starts you should set the rules including:

- If the conflict is between two groups, the groups should appoint a person to represent them and talk on their behalf. This person is the only one who is allowed to speak during the meeting.
- The facilitator assigns the turns to speak.
- The parties cannot interrupt each other when they have their turn to speak.

The following questions should be asked in order to lead the discussion:

Step 1: What is the problem? Both parties have the opportunity to tell their side of the story without anyone interrupting.

Step 2: What are the needs of both parties in order to reach a consensus? Both parties have to say their needs or demands in order to start negotiating and talking about the potential solutions.

Step 3: What would be the proposed solution to reach an agreement and solve the problems in both parties? After they have reached an agreement or solution to the conflict make them shake hands.

Warning!
Never discuss a problem with an employee in front of the clients. Resolve the conflict immediately after the clients have left instead.

7.2 Conflict Resolution - Clients

Overview:

Within this chapter, we will discuss how to:

- Address complains of clients in a professional manner and to make the client feel that his business is very important to the enterprise.
- Different ways on how to talk to the client in conflict situations.
- How to behave with the client in conflict situations.

Materials:
- White Board
- Markers

Time:
2 hours

Trainer Notes:
- The students do have to understand not to take the conflicts personally. But also have to learn to react very calmly in these situations.

Icebreaker: TRUTH, TRUTH, LIE:
Give the group some time to write down two things about themselves that are true, and one thing that is a “lie.” Each group member will then share these facts about themselves and the rest of the group has to figure out which “fact” is actually a “lie.”

Presentation: Conflict Resolution with Clients

Clients come in all shapes and colors. Some of them are very demanding…while others are happy and appreciative of even the smallest efforts. Some of them are easy going and relaxed (they should be…they're on vacation!) while others get upset at even the smallest annoyances (because vacations can be stressful too!).

But what all clients share is the expectation that they are paying money for the provision of some kind of product or service. In tourism, that might be an exciting tour in the jungle or a comfortable bed in an ecolodge or simply friendly customer service.

Where clients differ once again is how they react when they feel like they are not receiving the service or product they are paying for with their hard-earned money.

It is your job as Manager to ensure that clients are satisfied, and to address their concerns when they are not. Even if another staff person might have been the reason for a client's dissatisfaction (or "conflict"), it is your responsibility to address that conflict and make things right.

Tourism Tip!

Most client conflicts can be avoided or resolved with good communications! The more clients are aware of a situation, or efforts to improve a bad situation, or simply feel like their complaints or concerns are being heard…the better they are going to feel. As Manager, you are the face and the voice of the tourism enterprise…so smile, talk…and most importantly….LISTEN!

Practice:

The golden rule in the service industry is **"the client is always right":**

- What do you think this means?
- Do you agree with this question? Why, why not?

Let's look at a number of different types of client conflict that might come up in your tourism enterprise, as well as some conflict resolution techniques that you can use to make this difficult yet important job a bit easier:

<u>Types of Tourist Complaints</u>

Many tourists, especially those that travel to international destinations, have saved up money for a long time to take a trip to visit your enterprise. They will have high expectations for their trip and are very excited. When things don't go perfectly, sometimes they will get upset.

Tourists can complain for various reasons. The most common include:

- *Late or poor service:* This is the biggest area for complaints from tourists. If they are not happy with the quality of the guide, horse handle, trail, boat ride, etc. they will complain. Therefore, it is important to have high quality services all the time.
- *Lack of communication*: Sometimes things will go wrong. The guide might be late or the bridge on the trail might be broken. However, when these things happen it is important to communicate to the client what is going on, and what they can expect moving forward.

- *Not receiving the services that are described in the itinerary*: Itineraries are written descriptions of the services and schedule of the tour. If they do not receive the services that are in these written descriptions they could get very upset.
- *Weather:* Most tourists don't like rainy days or being stuck inside during their vacation. A good way to avoid this in the first place is to clearly communicate on your website or promotional materials if there is a "rainy season" when travel is difficult. But simply sharing weather reports with clients so they know what to expect
- *Being tired or sick*: Being in a different place is very tiring, especially when you are not always comfortable. Tourists spend long hours in a hot car and often get sick from the food and sanitation in Ethiopia. When they arrive at your enterprise, sometimes they are in a very bad mood and it only takes something very little to make them upset.
- *Unhygienic conditions:* Westerns are more sensitive to the bacteria and germs that are in developing countries and they will get sick. Because of this, they are very careful about what they eat and are very aware of hygiene and sanitation in restaurants and toilets. If your restaurant's kitchen is very clean but the eating area looks dirty, this will make the client scared to eat your food and they will complain.
- *Constant harassment:* As a foreigner, tourists often receive more attention than other people. This includes children asking for money or highland bottles, stares from adults etc., . All of these things make tourists feel like they are not welcome in Ethiopia and will make them comfortable, sad or even angry.
- *Losing a personal item:* Sometimes people will get sad or angry when they lose something that was special to them, like a watch, piece of jewelry. Even though this is not your fault, they may complain because they want to blame someone else for their own mistake.

In the tourism business there are no excuses. Typical unprofessional phrases that are often told to clients, and can make them angry, include:

- *"That's not my job"*
- "*No*" (without an explanation of why*)*
- *"We don't do that…"*
- "*We can't change/substitute that…*"

To avoid client conflict we just have to do our best to make sure they are happy and satisfied. Sometimes we might have problems organizing certain things. When this happens, we need to organize an alternative activity that has the same quality or is better. Sometimes we may even need to lose a little money because the costs for this alternative tour. But it is better to lose money than to upset or disappoint the client. If the client is upset he will return home and say bad things about the enterprise, which is bad publicity!

How Clients Complain

They way in which clients complain can differ greatly. Some will complain openly and immediately…while others may let the problem bother them for a while before they same something. Some may *not say anything at all* unless provided an opportunity to share their comments or concerns (which could be as informal as asking them "How have you enjoyed your stay?" or as formal as asking them to fill out a **Client Survey…**which we will discuss in a later chapter).

Tendencies or similarities in how clients complain can even be seen according to their nationality. Like we learned before, each nationality has its own unique culture that effects the way people

communicate (and complain!). Germans and Americans have reputations of being outspoken and open their criticism, while Asians have a reputation of being more reserved in how and when they express dissatisfaction.

In many cultures complaining in a very loud and direct way can be offensive, especially for the staff. But even if clients do complain direct, enterprise staff must try to not take it personally. Staff should be calm when they receive these complaints and remember that "the client is always right".

It is important for the Manager of the enterprise to introduce themselves to the clients during the tour to informally solicit feedback. This action shows the client that the enterprise really cares about them and their opinion. Some possible phrases to solicit client feedback include:

- *"How have you enjoyed your stay with us?"*
- *"Is there anything I can do to make your time with us more enjoyable or comfortable?"*
- *"How was your tour?"*

Tourism Tip!

Remember…experts say that customers who complain are likely to tell an average of **10 other people** about their bad experience. But sixty-six percent (66%) of all those who complain will return or give good comments if the problem is solved!

Process: Conflict Resolution with Clients

Here are some steps on how to handle complaints if the tourist decides to complain verbally.

Step 1 – Listen: Listen to the complaint very carefully without interrupting the client. This helps the client express themselves and possibly work through their anger or frustration.

Step 2 - Paraphrase: After the client is finished, summarize what the client said to you, so that the clients knows that you understand the problem.

Step 3 - Show empathy: Communicate to the client that you understand that they are unhappy or upset. You might even say you know how they feel (although be careful with this phrase, if it isn't genuine, then it could upset the client even more). There is nothing wrong with apologizing for the client's suffering.

Step 4 - Act Immediately: It is your responsibility to resolve the conflict. Tell the client that you will address the problem immediately, and that you will communicate the solution or outcome of your efforts as soon as possible (the shorter amount of time the better).

Step 5 – Solve the Problem: Address the problem and come back to the client with the solution. You can apologize again if it is appropriate…but the most important thing is to address the problem and find a solution. If you feel like you need to do even more to make the client happy, you might consider giving them something "complimentary" or free (like a voucher for a free drink, a free meal) but only if you feel it is necessary.

Further Tips:

- Ask additional questions to troubleshoot the problem.
- Personally thank them for bringing this issue to your attention.

- Be grateful with them for the opportunity to improve your service.
- Never be defensive with a client.

Practice:

1. Discuss with the class what they would do in the following situations:
   - A client complains that he/she finds a hair in his food and he wants his money back.
   - A client complains that he looses his watch during the tour.
   - A client complains that the guide arrived late to meet them at the hotel.

2. Client Skit!
   - Select two volunteers from the group to play Mr. and Mrs. Smith in the skit below. Start by having one trainer play a "bad" Manager and see what happens to Mr. and Mr. Smith. Then ask for another volunteer to demonstrate a "good" Manager.

   Mr. and Mrs. Smith are on an Africa Safari tour that they designed for themselves. They have arrived in a small village just before lunch. It has not been a good morning. Their rental car developed engine trouble and they wasted several hours getting it repaired. When they contacted the car hire firm, they were told that the repairs would have to be carried out at their own expenses, since the car had been certified in good running order when the Smiths collected it. Mr. Smith is very annoyed about this.

   They decide to stop, have some lunch, and reschedule their itinerary. Mrs. Smith wants to buy some headache tablets and a new book. They park the car and go into the pharmacy on the main street. The place is empty. Mrs. Smith calls for service but nobody appears. Mrs. Smith waits for a few minutes, then walks out, even more annoyed than before. In the bookshop, where they hope to find a new book, the two sales attendants are chatting to each other behind the counter and treat the Smiths as though they are invisible. Once again, the Smiths walk out without buying anything.

   By now, it is 1:00 PM, so the Smiths decide to have lunch and then drive on. They walk into a cafe that has a sign on the door advertising lunches. It is crowded inside and the Smiths have trouble finding somewhere to sit. Eventually somebody comes to take his order. Sorry, he says, we are all out of the special. There is only shiro left.

   At this point, Mr. Martinez loses his temper. This is the last straw, he shouts. I demand to see the Manager. The Manager comes and listens to Mr. Smith and hopefully addresses the situation.

   After finishing the skit discuss with the whole class the following questions:
   1. What caused the complaint?
   2. Could the complaint have been prevented? How?
   3. What were the good and bad points about the way Mr. Smith was handled?

Production:

Manager/Mentor tasks to complete their Operations Manual:

After the course:

- The Manager and the Mentor use this Lesson Plan to train all of the staff on conflict resolution with clients.

Tourism Tip!

Make sure that the staff understands that when they are dealing with conflicts they have do so in a calm manner and not to lose their temper. If they feel that the conflict is getting very serious they should call the Manager so that he/she can help them solve the conflict. The staff should understand that they should not take these conflicts personally!

Warning!

As a Manager you always have to be able to solve the conflict but never react badly or answer in a bad manner to the client. Remember that, as the Manager it is your obligation to keep your clients satisfied and make their experience with your enterprise as pleasant as possible.

8. Human Resources

8.1 Developing Job Descriptions

Overview:
Within this chapter, we will discuss:

- The importance of choosing staff with the right skills to fill a position
- How to put together a job description
- The importance of all staff having a clear understanding of their roles and responsibilities

Materials:
- White board
- Flip chart paper
- Enough folders/books to create a stack for the icebreaker

Time:
2 hours

Trainer Notes:
- Make sure that during the course the students finish their job descriptions and revise them so that they are ready to be shared with the community. Make copies of the job descriptions so that the can had them out.

Icebreaker
- The team is instructed to form a large circle. The facilitator places a stack of books/folders in the center of the circle. Each member must bend down and touch the top of the stack with his/her nose while standing on one foot with both hands held behind his/her back. After the entire group has successfully completed this task, the facilitator takes one book off the top of the stack. If a team member touches the floor with his/her foot (or any other part of the body), the member is disqualified. After each round, one more book is taken off the stack. The last team member who successfully touches the stack with his/her nose without falling, wins! This exercise, similar to a reversed limbo contest, can be a lot of fun and a great icebreaker for new team members.

Presentation: Job Descriptions

The success of your tourism enterprise depends greatly on quality of your staff and the service they provide your clients. In order for you to develop this very important resource for your enterprise, you need to consider the following:

1. Who is needed to successfully operate the tourism enterprise?
2. What are their specific responsibilities?
3. What are the qualifications or skills that those people should have to be successful at their jobs?
4. Is this information documented somewhere to reference when hiring (or even firing) staff?

We'll be exploring these four needs in the following chapter.

Determining Staff Needed

The number of staff your enterprise needs depends on a number of factors. What products or services are you offering, how many clients you receive on average, the cost of those staff and how it affects the price of your products (especially versus your competitors).

If you have too few staff and work is not being completed…then your service and client experience will probably suffer. If you have too many staff, then you probably have people either doing the same jobs or not working to their full potential (yet the enterprise is still paying them and is therefore losing money for nothing).

In general…you want enough staff persons that all of your client's needs are being met, everyone is working hard, and your staff don't feel overwhelmed.

With that said…small businesses, and their staff, need to be flexible and cost concious when it comes staffing and their responsiblities. For example, maybe you are offering a birdwatching boat tour, and normally that requires a boat driver, a boat "assistant" to watch for obstacles in the water, and a nature guide. Well…maybe paying three staff persons makes the price of the tour too high…especially for smaller groups. In this case, why not have the nature guide act as the boat assistant as well…therefore only requiring two staff for the tour, thus reducing its cost.

Warning!

Having too many staff, or paying staff salaries versus paying them a daily wage when they work, are two of the most common bad decisions that new, small businesses make. Both lead to higher costs…and having "fixed" salaries can force businesses to pay staff even when there aren't any tourists around. So try and "streamline" your staffing costs by making sure everyone is absolutely required…and that you are only paying them when they work.

Determining Individual Staff Responsibilities

The next step is to consider the actual tasks, or responsibilities, of each of your staff. The easiest way to do this is to think about a typical day of that staff person…what tasks do they need to perform throughout the day or throughout a tour.

Let' think about this for a boat driver. Their job responsibilities might include:

- Maintain all boating equipment including boat, motor, life jackets, etc.
- Operate boat in a safe and responsible manner

- Ensure the safety and enjoyment of the clients
- Purchase gas when necessary
- Interact with clients when necessary

Determining Individual Staff Qualifications

Once you've determined the responsibilities of the staff person…now you can start to think about what are the unique qualifications they need to do their jobs. These qualifications can be used as a measure to assess an applicant, but also as a tool to determine what training may be required to prepare someone for a certain job. Qualifications can be broken down into two categories: *required* and *desired.*

Required Qualifications:

There may be certain skills that are absolutely necessary for someone to do a job…we call these required qualifications. Examples might include:

- The ability to read and write
- To be at least 16 years old
- Boat operator's license
- To be in good health
- To be friendly and outgoing
- Strong communication and customer service skills

Preferred Qualifications:

Preferred qualifications are skills or abilities that an ideal candidate would possess. They might not be absolutely required for someone to do the job…but they would greatly help the person and their ability to perform the functions of the job. Examples include:

- Knowledge of computer programs such as Microsoft Word and Excel
- Conversational English, German, or French
- A college degree
- Previous experience working in tourism
- Experience in basic accounting

Writing Job Descriptions

Now that you've thought through these various aspects of your staffing…who is needed, what are their responsibilities, and what are their qualifications…you're ready to move onto the final step: writing a job description.

Let's dive right in and look at a completed job description that Rainforest Tours put together for their "Administrator" position.

Tourism Tip!

Remember to be detailed when outlining the responsibilities and qualifications of the job description. The staff person who is hired for this position should be able to refer back to this job description throughout their time with the enterprise to ensure that they are completing their job correctly. If written well, the job description can help not only the hiring process…but is also a document to reference if someone is *not* doing their job and needs to be corrected or even fired.

RAINFOREST TOURS
JOB DESCRIPTION: ADMINISTRATOR

JOB DESCRIPTION:
The Administrator is the primary person responsible for the financial procedures and documentation of Rainforest Tours. In addition, the Administrator is responsible for managing the revenue of the enterprise (securing cash, making bank deposits) as well as ensuring that all costs of the enterprise are approved and properly documented. The Administrator works directly with the enterprise Manager, as well as with the enterprise's licensed Accountant. Finally, the Administrator is responsible for reporting the financials of the enterprise to both the General Assembly as well as the Board of Directors.

RESPONSIBILITIES:
- Manages the enterprises internal accounting procedures which include:
    - Verifying enterprise revenue
    - Verifying enterprise costs
    - Managing the "Revenue & Expense Journal"
    - Managing the "Bank Account Journal"
    - Managing the "Petty Cash" account
- Works closely with the enterprise Manager in all of the internal accounting procedures
- Provides monthly, quarterly, and yearly financial reports to enterprise general assembly, board of directors, and project partners
- Supports the Manager in making purchases and payments for the enterprise
- Manages bank deposits and withdrawals
- Attends all enterprise general assembly and board of directors meetings
- Works with contracted accountant to submit enterprise's legal/tax documentation
- Assists in the annual work planning and budgeting process

QUALIFICATIONS – REQUIRED:
- Highly trustworthy and dependable
- Organized and efficient
- Hard working and self-motivated
- Good communicator
- Basic accounting skills
- High school degree

QUALIFICATIONS – PREFERRED:
- Knowledge of Microsoft Excel program
- Licensed accountant
- College Degree

REPORTS TO:
Enterprise Manager

Figure 88: Sample Job Description

Process:

The process for creating a job description is:

1. Determine the staff positions that you need in your enterprise (ensuring that you have the budget to pay them and the real need for them)
2. Determine the responsibilities of the position
3. Determine the *required* qualifications for this position
4. Determine the *preferred* qualifications for this position
5. Determine who will supervise the new position
6. Compile all of these elements into one job description and have the Board of Directors review and approve the position and job description

Practice:
With the help of your Mentor write 2-3 job descriptions for your enterprise. Have these completed by the end of the course and give them to your instructor to revise them before you leave the course.

Production:
Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>
- Finish all the job descriptions

<u>After the course:</u>
- Have the job descriptions approved by the Board of Directors

8.2 Hiring and Firing Staff

Overview:
Within this chapter, we will discuss:

- How to develop a fair and transparent "hiring" process
- How to conduct interviews with job applicants and measure them using a "scorecard"
- Developing criteria to select and hire staff
- Procedures to fire staff

Materials:
- Whiteboard
- Summary of local labor laws that might apply to enterprise

Time:
2 hours

Presentation: The Hiring Process

It is important that hiring staff in a community tourism enterprise follows specific procedures. It must be transparent, fair, and a process that results in the best person being hired for the job.

When you live in a small community, you (as the Manager) might know many of the other people in the community either personally or through a friend or family member. Your knowledge of job applicants might help you make a decision about their ability to perform, but it cannot be the only method of evaluation. In addition, the decision to hire or fire a staff person should not come down only to you, even though your opinion on the performance of a staff person (or the potential of an applicant) is very important. Hiring and firing staff should involve a group of people and their opinions…that way it protects both the staff person as well as you (the Manager) because such important decisions (and their consequences) are not left up to just one person.

Let's begin by discussing the process for hiring a new staff person.

The hiring process should include:

1. Posting the job announcement (based on the job description we developed in the previous chapter)
2. Establishing a "human resources" committee to assist in the process
3. Conducting interviews and evaluating applicants
4. Hiring the best qualified applicant

Job Announcements:

A job announcement is a public announcement of a position that is open in the enterprise. The announcement should include:

1. A summary of the enterprise
2. A summary or description of the job
3. The responsibilities and qualifications of the position
4. Details on how to apply for the position including a deadline
5. Contact information of the Manager

The following page includes an example of the job announcement for a sales assistant position with Rainforest Tours.

RAINFOREST TOURS
JOB ANNOUNCEMENT: SALES REPRESENTATIVE

ENTERPRISE DESCRIPTION
Rainforest Tours is a tourism enterprise that offers multi-day itinerarie s in Pico Lindo National Park that feature lodging, dining, and guiding services. The enterprise currently has 20 staff members and managed 500 clients last year. Rainforest Tours caters to clients from Europe and North America, as well as from Central America.

Rainforest Tours is a "equal opportunity" employer and does not discriminate against gender, race, age, political or religious views. All qualified applicants are invited to apply to this position.

JOB DESCRIPTION
The Rainforest Tours Sales Representative is responsible for communication directly with clients through phone and email communications, as well as with "walk in" clients in the Rainforest Tours office. The Sales Representative is also responsible for managing and maintaining strong alliances with industry partners such as tour operators and travel agents.

RESPONSIBILITIES
- Respond to client phone calls and emails within 24 hours, providing detailed information on the tour products, prices, reservations and payment options and any other information required by the client
- Complete "Reservation Rorms" and "Tour Service Orders" when a reservation is complete
- Maintain all reservation files and sales reports in order
- Manage reservation and payment processes between client and the enterprise
- Report weekly sales information to the enterprise Manager
- Report monthly sales information to the enterprise Administrator
- Report quarterly/annual sales information to the enterprise General Assembly and Board of Directors

QUALIFICATIONS – REQUIRED:
- Excellent communication skills (written and oral)
- Strong, reliable character, trustworthy, responsible, good moral character
- Basic math skills
- Must speak, read and write fluent English
- Self-motivated and ambitious, good problem solver and mulit-tasker
- High school diploma
- Available to participate in 2 weeks of job training without pay
- At least 20 years old

QUALIFICATIONS – PREFERRED:
- Previous experience in sales or marketing, ability to show proven success
- Experience using Microsoft Excel, Word, and Outlook software programs
- Additional language skills (French, German, etc.)
- College degree

TO APPLY:
Applicants should send a resume or a letter of interest summarizing their qualifications to Jaime Andino at Jaime@rainforesttours.com, or call 7832-4388 to set up an interview. Applicants should be prepared to provide three references upon request.

The due date for interest in this position is April 23, 2012.

Figure 89: Sample Job Announcement

Establishing a "Human Resources" Committee

In order to evaluate the applicants and determine who should eventually be hired, a Human Resources Committee should be established. This committee should include the Manager, the Mentor (if present and available) and at least two Board of Director members.

It is important that the committee is fair and objectives. This means that if a relative or friend of one of the committee members decides to apply for the job then that committee members must step down and be replaced by someone else. Additionally, if one of the committee members decides to apply for the position, he or she must step down from the committee and be replaced by someone else.

Interviewing and Evaluating the Applicants:

Most jobs in the tourism industry require that the applicant submit a "CV" or "resume", which are written summaries of an applicant's professional and academic experience. Many positions often also ask for a "cover letter" where the applicants explain their interests and qualifications for the position in a short narrative. Finally, most positions require that the applicants provide "references", or individuals who know or who have worked with the applicant and can speak to their abilities and character.

Because many of the positions that make up your tourism enterprise might come from the community near you…it may be best to simplify the hiring process and simply conduct interviews with whoever is interested in the position. Not everyone has a formal CV or resume…but anyone can talk about their background and qualifications. And anyways…assessing the applicant's communication skills is important to nearly every position in the enterprise…and an interview is the best way to do that.

There is one exception to this informality. It is very important to request that the applicant provide at least two or three "references", or individuals they have known or worked with previously, who can share with the enterprise their comments on the applicant. This can be done simply by providing the enterprise the name and phone number for the references. Afterwards, the Human Resources Committee should contact that reference with follow up questions about the applicant.

Developing Interview Questions and an Interview Scorecard:

Because the interview is the main opportunity to get to know and to assess an applicant, it's important for the Human Resources Committee to develop a series of interview questions prior to meeting with the applicants. Some questions may be standard for all job vacancies…which others should assess the applicant's qualifications specific that that particular job.

In addition to developing these interview questions, the easiest way to measure the quality of the applicants is to develop a simple scorecard that will assess and compare them. This is a very simple form that should give you a space to take some notes of the applicant's answers during the interview, as well as space for you to enter a score from 1 to 5 to rate the quality of the participants answer to the question.

For example, an interview question for the position of Sales Representative might be:

"What previous experience do you have in sales or tourism?"

Some example responses, and their scores, might be:

Response	Score
"I have no experience in sales or tourism…and to be honest, I don't even like talking to people"	**1**
"I have no experience in sales or tourism…but I am willing to learn"	**2**
"I worked in my father's market for 5 years when I was younger"	**3**
"I worked as a sales person for a mobile phone company…but I am really interested in tourism"	**4**
"I worked as a sales representative for an adventure tour operator in the capital for three years"	**5**

Table 12: Interview Question Rankings

For education level, language skills and computer experience, the committee should predetermine specific points for specific answers (e.g. 10 points for college degree, 5 points for high school degree, 0 points for no degree).

The other questions are subjective and each committee member will need to use their best judgment when scoring. After this is complete, all of the score should be averaged together to get the final score for each candidate. Be sure to keep the record of the scores of all the applications in case someone wants to contest the outcome.

On the following page you will find a sample interview scorecard for the Sales Representative position:

Other Interviewing Considerations

In addition to the answers the applicants gives you during the interview, it's important to take note of a few other aspects of how the applicants present themselves.

Consideration	Good Applicant	Poor Applicant
Eye Contact	• Maintains eye contact when talking	• Looks away, looks at the floor
Posture	• Sits up straight, faces the interviewer	• Hunched over, turned away from the interviewer
Facial Expressions	• Bright eyed and smiling	• Detached, looks sad
Attitude	• Enthusiastic and excited	• Apathetic, doesn't care
Speaking Ability	• Easy to understand, projects a strong voice	• Mumbles, hard to understand, speaks too softly
Body Language	• Is calm and confident, no nervous habits	• Nervous habits like tapping their toes, bouncing their legs, "fidgeting"
Oral Communications	• Speaks well, uses correct vocabulary, organizes and communicates ideas effectively	• Uses slang, "rambles" on and on, doesn't organize or communicate their thoughts effectively
Appearance	• Professional looking, well dressed, appropriately dressed	• Un professional looking, inappropriately dressed

Table 13: Interviewing Considerations

SAMPLE INTERVIEW "SCORECARD"

Name:		**Telephone:**	
Age:		**Community/Address:**	

Education Level (include last degree achieved, discipline and location of education)	**Notes:**	**Score (1-10):**
Language Skills (comprehension, speaking, writing, reading):		
Computer Skills (Typing, Email/Internet, Word, Excel, other?)		

Interview Questions	**Notes**	**Score (1-5):**
Why do you want to work for this enterprise in this position?		
What are your strongest qualifications for this job?		
What are your weakest qualifications for this job?		
What professional or academic experiences have helped prepare you for this job?		
What do you think is your strongest quality as a person?		
Have you worked in tourism before? Tell me about it.		
Have you worked in this type of job before? Tell me about it.		
Are you willing to work on holidays and weekends?		
How would you describe your willingness to learn new things? Give a previous example if possible.		
Describe a situation in which you showed leadership skills or a strong work ethic?		
What did you like and dislike about your previous jobs?		
What "cross cultural" experiences have you had interacting with foreigners?		
What experience do you have in supporting your community?		
What knowledge or experience do you have in conservation?		
Additional Notes:		
Interviewed By:	**TOTAL SCORE:**	

Figure 90: Sample Interview Form

Staff Contracts or Agreements

Since tourism is a seasonal business with a high season and a low season, it makes sense to hire most of your staff on seasonal contracts. This way you are not paying for work during a time when you have no tourists.

Contracts for your employees should include:

- Agreement of a probationary period which is 30-60 days (during this time you, as the Manager, can terminate their contract without notice or obligation to pay severance)
- Detailing out the expected working hours and days of the employee
- The job description for the position
- The wage (whether it's hourly, daily, monthly, per tour, etc.)
- The period of the contract
- Signature by both the Manager and the employee

Presentation: Firing Staff

In tourism, a staff member who is not doing their job can be very costly or dangerous to the enterprise. An employee not doing their job not only can lead to jeopardizing the safety or the experience of a client, but it can also damage the reputation of the enterprise. Tourism is a business that sells "service", and always has to be excellent. You as a Manager cannot afford to have employees that do not do their jobs or provide the best possible service to your clients.

Everyone country is different when it comes to labor laws and what employee behavior or actions might justify them being fired (and you must be aware of those laws), but here are a few examples that might result in an enterprise terminating an employee:

Grounds for Termination

- Stealing from the enterprise, clients or other staff members
- Physically striking a client or other staff member
- Sexually harassing a client or other staff member
- Being under the influence of drugs or alcohol at work
- Repeated and unjustified tardiness despite warning to that effect
- Absence from work without good cause for multiple days
- Deceitful or fraudulent conduct
- Misappropriation of the property or funds of the employers
- Poor work performance
- Responsibility for causing damage intentionally or through gross negligence to any property of the employer
- Refusing to observe safety and accident prevention rules and to take the necessary safety precautions

Other situations, such as dishonesty or lack of skill, can be more complicated since you cannot fire someone based on accusations only; there must be proof of the actions. In many countries, you as a Manager must document and provide notice in order to fire an employee for committing such mistakes.

Process: Firing Staff

1. When an employee makes a mistake for the first time, the Manager should give the employee a verbal warning. You talk to the employee, tell them specifically:
   - What they are doing wrong
   - Answer any questions
   - Let him/her know that this cannot happen again
   - Inform them what will happen if it does in fact happen again (steps 2 & 3 below)
2. The second time the mistake happens you give the employee a written warning. Mention in the warning that the employee had a former verbal warning and that this is the second warning. You should also include that the third time the employee makes a mistake, he/she will be fired. Make two copies of this letter and make the employee sign both copies. Give one to the employee and keep the other copy for your files.
3. The third time the employee makes a mistake, give him/her a letter stating that they are fired and the reasons for their firing. The letter must state the date that the termination shall take effect. Again, make two copies of the letter and have the employee sign them both. Give one to the employee and keep ones for your files.

Practice:

Split the students into two or three groups (there should be about 6 students in each group). Four of them should make up the interview committee and two should be potential candidates. Have the interview committee create job interviews and scorecards for a boat driver, cook or cleaner. Have the committee interview the candidates and then decide who they will hire them. Tell the students who are potential candidate that they can be "good" candidates or "bad" candidates! Have fun with this!!

Production:

Manager/Mentor tasks to complete their Operations Manual:

During the course:

- During the course the Manger and the Mentor design the interviews and scorecards for all the positions of the enterprise and include it in the Operations Manual.

After the course:

- In your communities follow the hiring process and proceed to hire your employees

Tourism Tips!

- Remember when you post a vacancy announcement for the enterprise to explain the entire hiring process on the announcement for that everyone will know the process.
- Never hire a candidate without completing an interview, even if you know the person very well! There is a process that must be followed to avoid conflicts in the community.
- Once hired, all employees, both full time and part time, need to have their job description and understand their obligations. As the manager you should sit down with the candidates and ensure that they know what their tasks include.
- Firing people is complicated and you must follow the firing process, or whatever labor laws apply in your country.

- If your employees only work on a contract basis for each tour then you do not need to write a contract. However, if the employee is a full time or part time employee who earns a regular salary, you need to write a contract and give him or her all of the benefits that are required by law.

8.3 Staff Training Techniques

Overview:
Within this chapter, we will discuss:

- Different teaching techniques that Managers can use when training their staff
- Different "learning styles", and how to present information for each
- How to structure staff training sessions in presentation, practice, and production
- How to develop **Training Calendars** that remind you when to provide training to staff

Materials:
- Cleaning materials
- The vehicles that the enterprise uses (kayaks, boats etc.)

Time:
2 hours

Icebreaker
Stick labeled note card (with taco ingredient) on the back of everyone's shirt. (i.e. the word meat printed on a note card) Have each player mingle around asking yes/no questions to find out the taco ingredient that is on their back. Explain the correct order of ingredients in a Human Taco: shell, meat, cheese, lettuce, tomato, salsa and then give the start command, "I'm hungry! Let's eat! Run for the Border!" Each individual must find out which ingredient they are and then find enough to form a complete Human Taco.

Presentation: Staff Training Techniques

In this chapter we are going to learn how to teach the community members of the enterprise how to do their jobs in a way that they do not forget their tasks. We will also discuss some theory in how people learn so that is easier for the Managers to transfer the knowledge.

These are all good things for the Manager to know, because in the next chapter we will be exploring the idea of developing "checklists" that that outline the responsibilities of staff members throughout their workday. And the more effective Managers can be at training their staff in following these checklists…the better!

Let's begin by looking at some teaching techniques. Teaching requires certain knowledge and consideration if you really want your staff to learn. So the following "golden rules" for teaching points are very important:

Golden Rules of Teaching

1. *Talk loudly and clearly*

As an instructor, it is very important to have a good tone of voice while we are teaching. If we teach in a very soft tone of voice our staff can rapidly loose the attention. The tone of voice is very important while teaching and also that everybody should be able to hear you.

2. *Use language that everybody will understand*

Tourism might be a new type of work for many of the staff that you as Managers will be training. Just like you are learning new concepts and vocabulary during this course…the same will be true for the staff you will in turn be training.

As an instructor you have to teach things slowly and be patient with staff that might learn things slower than others. Sometimes you will have to explain concepts several times.

Also, while professionals within the tourism industry (travel agents, tour operators, developers, etc.) are accustomed to using specific language and terminology common to everyone, when you train community members (who may be new to the tourism sector) we must be conscious of the language being used. Try to use easy to understand terminology and avoid confusing your staff. However, make sure to train your staff in whatever tourism industry terms they might need to know to do their jobs, as they are soon going to be part of the tourism sector as well and must learn this terminology to better communicate with industry partners.

3. *Use examples that the staff can relate to*

Using examples is a very effective way of teaching. But in order for your staff to learn, they must be able to relate to the example that you present. Also, be sure to explain the examples fully so that the staff understands why you are using them and why all of the details are important.

Learning Styles

You may not know it…but different people have different learning "styles". By styles we mean they ways in which information is presented to an individual and the conditions under which they are taught.

1. *Visual Learners - Learn through seeing...*

These learners need to see the teacher's body language and facial expression to fully understand the content of a lesson. They tend to prefer sitting at the front of the classroom to avoid visual obstructions (e.g. people's heads). They may think in pictures and learn best from visual displays including: diagrams, concept models, process charts, illustrated textbooks, videos, and flipcharts. During a lecture or classroom discussion, visual learners often prefer to take detailed notes to absorb the information.

For example, we might use checklist and process charts to teach the staff the order of the tasks they need to perform to do their jobs.

2. *Auditory Learners - Learn through listening...*

These people learn best through verbal lectures, discussions, talking things through and listening to what others have to say. Auditory learners interpret the underlying meanings of speech through listening to tone of voice, pitch, speed and other nuances. Written information may have little meaning to them until it is heard. These learners often benefit from reading text aloud.

For example, when you review the tasks in a checklist you should explain the importance of every task so that concept is reinforced in the minds of the staff. You can also use stories and experiences that related to what you are explaining.

3. *Tactile Learners - Learn through, moving, doing and touching...*

Tactile people learn best through a "hands-on" approach, actively exploring the physical world around them. They may find it hard to sit still for long periods of time and may become distracted by their need for activity and exploration. These learners will understand the most through activities like role -playing or practice examples.

For example, when teaching the cooks how to complete their checklist, you should go to the kitchen with them and "act out" or go through the entire checklist with them. Or if you are teaching the housekeeper how to clean, you should clean one room together.

Let's go through our own example. For example, you are teaching the boat drivers how to complete their checklists.

Structuring Your Staff Training Sessions

In order for you to present information that appeals to all three of these different learning styles, we suggest you follow a similar teaching "process" that the instructors of this course.

1. *Presentation:*

This first stage of the training is "teacher-focused" which mean you (or whoever is teaching) will be presenting information to the staff related to the training. Some topics you might consider sharing with your staff include:

- An overview of what you will be training the staff in
- Why the training is important for the staff, for the enterprise, etc.

- Supporting information to help the staff understand the importance of the training, such as:
    - Tourism trends and statistics
    - Feedback or testimonials you've received from your clients
    - Research and/or theory behind the training
    - Case studies and "Tourism Tips"

(Note: Much of this type of information is already included in these chapters, so be sure to review them before you train your staff!)

2. *Practice*

This next phase of your staff training sessions should begin to shift the focus to the students (staff) themselves. Practice activities are intended to help the staff begin to "internalize" or understand what is being taught. Practice activities might include:

- Facilitated discussions: where you ask/introduce a question…and the staff can answer and discuss
- Competitions: This can be a fun way for staff to learn or practice what is being taught
- Role Playing: This is a very effective way to get staff thinking and practicing not only what their job is…but also looking at things through the eyes of the clients, sales partners, or other people with whom they might be working

3. Production

The most important part of your training sessions…production is when the focus is entirely on the staff/students. Production activities are an opportunity for the staff to actually "do" what ever is being taught to them. Although other options exist…the best way to probably do this is to have the staff persons actually "do" the tasks or activities that are a part of their job's "checklist".

Tourism Tip!

Try and conduct your staff trainings in the same settings where they will actually be working. That might mean taking all of the cooks to the grocery store for a training shopping trip, going out on a boat with guides and boat drivers, or visiting a bank with the enterprise Administrator.

Presentation: Staff Training Calendars

As the Manager of your enterprise…you are officially consider the main "staff trainer". Why?

First, because as Manager you are responsible for the quality of your products…and staff performance and service is a big part of product quality.

Second, because during and after this course you will receive training in not only your job as Manager, but also in the various roles and responsibilities of *all the staff* that work with your enterprise. This is important because although you might be receiving some kind of technical or financial support from an outside partner right now…at some point that partner will no longer be working alongside you and your enterprise. Therefore, it is absolutely *critical* that someone from the enterprise knows the responsibilities of all of the staff and has the knowledge and ability to train those staff. That person, of course, is you!

As the main "staff trainer" for your enterprise, you may think that enterprise staff only need to be trained one time…and that is all that is required for them to do their jobs. But no…training is an ongoing and constant activity for any quality tourism enterprise because the quality of your enterprise depends on the quality of your product, and the quality of your product depends on how well your staff are trained and how well they perform in their jobs.

There are a number of reasons why you will want to train your staff, and they include:

- Staff may forget how to do things over time, or even better…may develop their own, more effective ways of doing their jobs. "Refresher" trainings provide an opportunity to reteach them what they've already learned…as well as give them an opportunity to share their knowledge with the other staff.
- Staff may become tired or bored with their current jobs…and want to change to some other role. Ongoing trainings help prepare them for these new positions.
- New staff may come into the enterprise that require training.

With everything else that is going on with an enterprise, it's easy to forget to conduct "refresher" trainings for staff. Therefore, a helpful and easy tool to use is a **Training Calendar.**

A **Training Calendar** is simply a way to remind yourself when staff trainings should take place and with whom.

When to Train Enterprise Staff

As you may know…tourism activity at your site can often be defined as one of three distinct seasons: high season, low season, and shoulder season. *High season* is the busiest time of year for your enterprise, which might be because the weather is pleasant that time of year or school kids have vacation that month or some other reason all together. *Low season* is when things get really slow around your enterprise…for all or some of the same reasons. *Shoulder season* is the time, usually a few weeks or months, that comes between high and low season and is usually marked by unpredictable numbers of sales and clients.

The best time to train staff, without a doubt…is either in low season or in your shoulder season right before your high season starts. That way, the training you provide your staff will be fresh in their heads and they can immediately apply what they've learned.

Warning!

Do not train enterprise staff, particularly new staff, too far before the time the will actually begin using/applying what they've learned. This is because most of what they learn will come from them doing their jobs/tasks…not from the training sessions you provide them. If staff don't have an immediate opportunity (within a few weeks) to apply what they've learned in the training…it is highly likely they will forget it all together. And that's a waste of their time AND yours!

The following is an example of Rainforest Tours annual **Training Calendar**:

2012 TRAINING CALENDAR

Rainforest Tours

JANUARY	FEBRUARY	MARCH
HIGH SEASON		
APRIL	**MAY**	**JUNE**
SHOULDER SEASON	LOW SEASON	
Manager: • April 20-30: Finalize all training materials for low season training sessions	**Guide Staff and Wait Staff:** • May 1-10: English classes with Peace Corps volunteer **Kitchen Staff:** • May 20: Meet to discuss / develop new menu items **Lodging Staff:** • May 28: Refresher training in room preparation	**Guide Staff:** • June 15: Field day to practice new birding tour **Kitchen Staff:** • June 1: Training in preparation of new menu items **Boat Drivers:** • June 27: Refresher training in boat safety **Any NEW Staff:** • June 20-25: Training for all new staff
JULY	**AUGUST**	**SEPTEMBER**
HIGH SEASON		SHOULDER SEASON
OCTOBER	**NOVEMBER**	**DECEMBER**
LOW SEASON		HIGH SEASON
Guide Staff and Wait Staff: • Oct. 5-15: English classes with Peace Corps volunteer **Kitchen Staff:** • Oct. 16-17: Food handling/ safety training **Wait Staff:** • Oct. 18: Refresher service training	**ALL Staff:** • Nov. 12-13: Basic first aid training **NEW Staff:** • Nov. 18-22: Training for all new staff	

Figure 91: Example Staff Training Calendar

Process:

To train your staff there is certain materials that you have to have ready. In this section we are going to go through the process of training the people step by step.

Step 1: Prepare the Checklists

Prepare the checklists for every position in your enterprise. You must create a checklist for everyone regardless of how small their job may seem. (see the chapter on Checklists)

Step 2: Training Duration

Based on the complexity of the jobs, decide how long each of the trainings should be. It is recommended that you take at least a half of a day with each position. Remember that the training has three part. First, the "presentation" or theory behind the training. Second, the "practice" where they discuss or begin to use their new knowledge. And third, the "presentation" where they act out or do what they are being trained in (e.g. their "checklist" of responsibilities).

Step 3: **Training Calendar**

Develop your **Training Calendar**, keeping in mind the importance of focusing your training in the low season or shoulder season.

Step 4: Training Follow Up

Remember that practice makes perfect. After the training the Manager and the Mentor should always check that the staff is doing everything on their checklists. At the beginning it is good for the Manager and Mentor to be with the staff as much as possible, especially when they are preparing for a group of tourists. The more they learn their tasks, the less you will have to watch them but you should still follow up with them from time to time. Remember follow up is very important because when people feel comfortable at their job they sometimes they stop doing what they are supposed to do and the quality decreases. You as the Manger have the obligation keep a high quality service.

Practice:

The Manager and Mentor from each enterprise choose a topic to teach to the class in form of a checklist. They have to use all the tools that where explained in this chapter, the trainer has to evaluate them and give them feedback if necessary.

The following evaluation is to give feedback to the Manager and the Mentor:

Checklist

a. Very Detailed oriented (3)
b. Detailed oriented (2)
c. Not enough details (1)

Explanation

a. Enough explanation (3)
b. Fair (2)
c. Not enough explanation (1)

Do the Manager and the Mentor use a language that everybody understood?

a. Yes (3)

b. No (0)

Where the Mentor explaining loudly and clearly and so that everybody would understand?

a. Yes (3)
b. No (0)

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the course:

- Prepare the job descriptions and checklists for every position in your enterprise and include it in the Operations Manual.
- Develop a **Training Calendar** for your enterprise.

After the course:

- After you have hired your staff, select a week to host the trainings
- Print checklists for each employee and laminate to avoid them getting ruined
- Organize and host the training courses with the staff members

Tourism Tip!

A Manager should constantly be monitoring the quality of the service of their staff. For example, a Manager of a hotel should visit some the rooms every day to make sure that they are cleaned properly. A Manager of a restaurant should visit the kitchen to check the cleanliness of the area and the quality of the food, and watch the waiters to make sure that they are providing good service to the clients.

Quiz:

1. Please name and briefly explain the "Golden Rules" of teaching.

2. If you have a group of Visual Learner's how would you prepare a class to teach them?

3. What are the three main parts of your staff training sessions? What types of activities should you do in each

8.4 Developing Staff Checklists

Overview:
Within this chapter, we will discuss:

- How can design "checklists" that the staff can follow in order to complete tasks that have to be accomplished during their workday.
- To consider within the checklists those small "details" that will be make the difference between a good and an excellent service beyond our client's expectations.
- The use of the checklist and the role of the Manager in teaching the staff to use them.

Materials:
- Examples of checklists provided by the instructor
- Pre-cut pieces of string

Time:
3 hours

Trainer Notes:
- Make sure that both the Manager and Mentor understand that the Manager is responsible for making sure that the staff follows their checklists
- Make clear to the Manager that the whole operation is a team effort but that at the end of the day he or she is responsible for that everything running smoothly therefore he must be aware of every little detail.

Icebreaker
Participants select pre-cut lengths of string from the group facilitator. Each member holds the string between his/her thumb and forefinger. For each "wrap" of the string around the finger, participants must share one thing about themselves.

Presentation: Staff Checklists

As already stated earlier…being successful in tourism requires attention to detail. Take housekeeping for example. There are a number of standard steps that your housekeepers must take in order to prepare a client's room: sweeping the floor, changing the sheets, replacing the soap, etc.

But there are also hundreds (thousands!) of other ways that your housekeepers can take to go above and beyond the "standard" level of service. Examples of fun, easy, and creative little details that you housekeepers can do that make all the difference in the world to your clients

- Folding towels in to the shapes of local animals
- Placing fresh cut flowers in the room every few days or simply a single flower on the pillow
- Filling up a water pitcher with fresh, filter/bottled water every afternoon
- Placing a shallow bowl with flower petals on the ground near the door to wash feet before entering the room (this is especially great if you are near the beach!)

Now, you might be thinking "we are a small ecotourism enterprise…we can't afford to give the type of service you find at a five-star hotel". Well, as you can see…many of these steps costs little or no extra money but they do require effort, a little bit of time, staff training, and a good Manager who makes sure they are being done.

And do these efforts pay off? You bet they do! Because clients notice and appreciate this extra effort you and your staff put into their experience. They will speak highly of their time with you to other travelers, friends and family…and there is no better marketing than that word of mouth promotion!

Now, with all of these details to remember in order to provide five-star service to your clients, it is only natural that sometimes your staff will forget to do certain things. This is the reason that we use **checklists** in tourism as way to help remember what is required in the job we are doing and to guide us when we have questions.

Developing Checklists

Checklists are an easy-to-understand reference tool that *outlines the responsibilities of a staff member throughout their workday*. Although is most often defined within a regular day…it may also make sense to create checklists for *monthly* tasks (such as the Administrator's monthly responsibilities to submit the enterprise's financial documentation to an account). Other checklists might outline responsibilities **before, during, and after a tour.**

Definition: "Checklist"
A reference tool that outlines the responsibilities of staff members throughout their workday.

If you remember back to when we were developing job descriptions and defining responsibilities of certain staff members, the suggestion was to simply think about the typical day of that staff person. Well, you can do the exact same thing when developing staff "checklists".

Checklists should always be developed with the staff who are performing that job because they probably have more knowledge then anyone about the steps and tasks that are required of them to do their jobs. Therefore, sit down with your staff to develop the checklists. By doing so…it will also help

them to "buy in" and take ownership of their job responsibilities because they helped developed them…rather than a Manager or someone else simply telling them what to do.

Tourism Tip!

Checklists should be posted in places where staff can easily see them, but are not visible to our clients. For example, for cooks and wait staff it's a good idea to put checklists in the kitchen area. For Managers and Administrators…keep your checklists in the enterprise office. For boat drivers and guides, it might make sense to keep your checklists in the area where equipment is stored. Regardless of where you post your checklists…it's also a good idea to laminate or protect the checklists to prevent them from getting wet, dirty, or torn.

Let's take a look at a Rainforest Tours checklist for a boat driver who is working on a half-day bird watching boat tour (see below).

BOAT DRIVER CHECKLIST

Rainforest Tours

Before the Tour:

- ☑ Find out how many clients will be on the boat for the tour
- ☑ Bring all needed equipment to the boat, including:
  - Motor
  - Gas Tank
  - Plastic/tarps to cover bags
  - First aid kit
  - Lifejackets
  - Seat cushions
  - Umbrellas for sun/rain
- ☑ Clean the boat and all equipment
- ☑ Prepare the boat (places equipment where it should go)
- ☑ Get boat gas money from Manager (if necessary)
- ☑ Fill the boat with gas two hours before the tour (if necessary)
- ☑ Give boat gas receipt and extra money to Manager
- ☑ Make sure you are wearing your uniform and it is clean and presentable

During the Tour:

- ☑ Welcome clients to the boat with a smile, hello, and short introduction
- ☑ Help clients to enter the boat safely and store their bags if they have any.
- ☑ Give clients short talk about boat safety, wearing their lifejackets, where to put trash.
- ☑ Inform clients if they want to stop or see something, just to raise their hand and point

After the Tour:

- ☑ Help the clients to exit the boat safely
- ☑ Clean the boat and all equipment (throws trash in proper place)
- ☑ Return equipment to proper place
- ☑ Secure boat and any other equipment
- ☑ Give short trip report to Manager (any problems, any client comments, etc.)

DO NOT

- ☑ Smoke by the gas tank and motor
- ☑ Drink alcohol before or while operating the boat
- ☑ Buy gas or oil while clients are in the boat
- ☑ Use the boat for personal errands, especially when clients are in the boat

Figure 92: Sample Staff Checklist

You can see that the Manager and the boat driver have carefully thought through the various tasks that the boat driver needs to perform for this tour. The checklist is complete…but it's also brief and easy to understand.

Don't make your checklists too long or detailed…they don't need to be. Rather, keep them to a page or less so staff can easily glance at them quickly to check the progress of their work.

Checklists are not limited to just boat drivers. Every single position within a tourism enterprise is required to deliver the highest quality customer service whether you are the lead guide or simply the security guard. If you work in tourism you will most certainly have direct contact between staff and guests. It may not always be planned but it is inevitable.

What are the advantages of a checklist?
When tourists arrive to your enterprise, you, as a Manager, will already have much to do. Imagine if you also had to give specific instructions to each of your staff members every time a tourist arrived.

With checklists, you and your staff will know exactly what they need to do at all times and you, the Manager, will only need to supervise the staff instead of directing their every task.

Process: Developing Staff Checklists

Developing checklists is not difficult. All you have to do is think about doing the job yourself and all of the steps you would have to do to complete it. The way you organize your staffs' checklists depends somewhat on what they do and what tour products you are selling, but a good way to think about his is usually before the tour or before the clients arrive, during the tour, and after the tour or after the clients leave. You can also include a "do not" section that reminds staff of what to avoid or be aware of…and with every stage of the checklist…try and identify tasks or activities that staff can do that really shows an *attention to detail and a commitment to great customer service!*

Before the Tour Section:

- In this phase everything has to be prepared for the arrival of the client. Some things to consider when developing this part of the checklist include
- Specify the time in which preparations need to start happening before the clients arrive

During the Tour Section:

- Specify what the staff should be doing during the tour or while with client is at the enterprise
- If there are tasks that two members of the staff should perform together, specify the role of each staff member

After the Tour Section:

- Specify what tasks are needed to clean up, store equipment, and in general leave things safe and secured and ready for the next group of clients

DO NOT Section:

- Specify important things that the staff must avoid or not do during any stage of the client's visit/experience.

Practice:

As a group…brainstorm at least FIVE important tasks for each of the four sections of the follow staff's "checklists". At least one of the five tasks needs to be something unique and creative!

1. Manager
2. Cook
3. Cook's Assistant
4. Waiter
5. Guide
6. Housekeeper

Production:

Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- The Manager and the Mentor develop draft checklists for every staff member of their enterprise (you can use the list brainstormed during the practice as a good starting point)

<u>After the course:</u>

- The Manager and Mentor review the checklists with the staff, ask for staff input, and finalize them
- Use the checklists to train the staff
- Post the checklists at the enterprise

Tourism Tip!

- Occasionally organize a staff meeting or individual meetings to go through the checklists to make sure everyone understands everything they need to do.

Quiz:

1. Why do you think details are so important in the tourism industry?
2. Why is it so important to have checklists for the staff?
3. Name the four categories of a checklist.

Warning:

As a Manager you have to organize your staff and teach them about the checklists. You also have to make sure you reinforce and supervise the use of the checklists. If you don't follow your own checklist or enforce the use by other staff members, all the staff will stop using them. This will create a decline in the quality of the service and ultimately might make you lose clients.

8.5 Staff Assessment and Incentive Programs

Overview:

Within this chapter, we will discuss:

- How to design an **Employee Evaluation Form** and a **Self Evaluation Form** in order to evaluate the performance of the staff periodically
- How to provide employees with incentives when they perform well in their jobs

Materials:

- None

Time:

2 hours

Presentation: Staff Assessment
In every enterprise the performance of the employees has to be measured in order to keep high quality standards. It is recommended that the enterprise staff are evaluated every 4 to 6 months so that the Manager can monitor quality and make changes when necessary.

Importance of Staff Evaluation
Assessment the performance of staff is important to both meeting the enterprise's goals of delivering consistently, high -quality services as well as helping the employee to grow and develop in their jobs. Performance evaluations also help to increase communication within the enterprise, provide an opportunity to address performance problems and improve employee morale.

The primary reasons for conducting performance evaluations are to monitor staff performance, motivate staff and improve the morale of employees. Effective performance evaluations will assist the enterprise in achieving its goals and objectives. Not only will training needs be identified and addressed during a performance evaluation, but hidden talent can be discovered as well. Through identifying these training needs, staff can perform their jobs at the highest level and be in a better position to address clients' concerns and questions. A well-developed staff is more likely to be proactive, productive and resourceful, all of which helps give the enterprise a competitive edge, from improved customer service to increased profits.

Methods of Staff Evaluation
There are a few different ways to monitor and assess staff performance including simple observation, group discussions and survey tools. It is important that the staff understand that they are being evaluated and what will be done with the information as this will give them incentive to work harder and perform better.

Observation
If the enterprise is small, the easiest way is to observe the employees to gain insight on their performance. Some examples of observation activities the Manager could do include:

- **Guide assessment**: Participate in a tour like a normal tourist without telling the guide beforehand. While the tour is being conducted, the Manager could evaluate the guide on the information he that provides and how he interacts with the tourists.

- **Accountant assessment:** Review the financial books and files in the archives and ensure that all the receipts are in chronological order.

- **Cook assessment**: Go to the kitchen and make sure the cooks are following the checklist and inspect the cleanliness of the kitchen and equipment.

- **Waiter assessment**: Watch the waiter as he serves the tables and see if he is returning to the tables to check on the clients and if his is smiling and friendly.

Groups Discussions
Having conversations with your staff on a regular basis will help you as the Manager understand their needs, challenges and success. It will also allow you to help them through potentially difficult customer service situations or to learn from their past mistakes by reviewing how they could have handled a situation better.

Some examples of group discussions include:

- The entire staff meets at the end of a trip to discuss what went well, what went poorly and how they can improve operations.
- The entire staff meets to discuss complaints and success stories at the end of each month:
  - Be careful to talk about each complaint and to understand it… not every complaint is justified. Some filter needs to be applied.

Evaluation Forms

Although observing is a good way to assess the performance of staff, it is better if the manger has a more structured way to conduct the evaluation. This will allow the Manager to evaluate the employee in a proper manager and give them a score. The best way to do this is to use a simple survey form.

There are two types of employee evaluations forms that are important for staff assessments. The first is a form that the Manager fills out for each employee. The second is a "self evaluation form" that the employee fills out to review his or her own performance. By having the employee evaluate themselves, they will better understand what is required of them.

Additionally, when you compare your evaluation of the employee to their self evaluation, it may highlight areas where the employee thinks that are very good but where you think they are performing poorly. These are the crucial areas that you will need to address in order to help them improve. Often, this is because the employee does not understand what they are supposed to be doing.

Some important things to include on the **Employee Evaluation Form** are:

- Key tasks or duties on their checklists
- Ability to work well with other people
- Interaction with clients
- Willingness to go above and beyond their job to help others in the enterprise
- Rating systems (1 to 5 usually works well)
- Space for comments

Some important elements to include on the **Self Evaluation Form** are:

- The same key tasks or duties as on the Employee Evaluation Form
- Ability to work well with others
- Interaction with clients
- Willingness to go above and beyond their job to help others in the enterprise
- Specific questions about their satisfaction with their work (e.g. favorite and worst parts of their jobs)
- Rating systems (1 to 5 usually works well)
- Space for comments

Practice:

Look at the example forms at the end of the section for a cook in the enterprise. Have a discussion about what is good and what can be improved on these forms.

Warning!

Don't forget that you as a Manger and an employee of the enterprise need to be assessed too! Do this by allowing both the Board of Directors and the enterprise staff (at least those that work directly with you) to fill out **Employee Evaluation Forms** on you. Fill out a **Self Evaluation Form** as well and then compare the two.

Presentation: Staff Assessment Meeting

After you have completed the **Employee Evaluation Form** and the employee has completed and submitted their **Self Evaluation Form**, schedule a meeting to review and discuss them.

Arrange the meeting in a space that is comfortable and private so that the employee will be able to talk freely about his or her experiences in the enterprise. Try to arrange the seating so that you and the employee are sitting in equal positions (not you behind the desk and them in front… this will make them tense and they may not be forthcoming about their performance).

Start the meeting by reviewing the evaluation process. Then give the employee a copy of your evaluation form and discuss each point with them. Ask him or her to contribute any comments or additions to the discussion. Then review his/her **Self Evaluation Form**, being sure to note areas where the two forms differ. Don't always focus on negative comments. Be sure to congratulate the employee on areas where he/she has performed well or improved since the last evaluation.

If there are areas where the employee needs improved, decide together on specific actions that would benefit the employee such as more training, mentorships, revised checklists, etc. Write these on the bottom on the **Employee Evaluation Form** where you both sign. Thank the employee for his/her contribution to the enterprise's goals and convey your own appreciation for his or her work.

Process: Staff Assessment

1. Create an **Employee Evaluation Form** for each position
2. Create a **Self Evaluation Form** for each position
3. Create a schedule (when each year) for staff assessment
4. On or around the scheduled date for evaluations, review past evaluation forms to see areas where the employee scored low and what specific actions were suppose to happen to help them improve.
5. Complete the **Employee Evaluation Form** for the staff member and then have them complete their **Self Evaluation Form**
6. Review their **Self Evaluation Form** and the **Employee Evaluation Form** that you filled out and meet with the employee to review the differences.
7. Create specific points or actions that will help the employee improve and write these on the **Employee Evaluation Form**.
8. Have the employee sign the **Employee Evaluation Form** and you sign as well.
9. File for reference next time!

Employee Evaluation Form: Kitchen Staff

Employee:		Evaluator:				Date:	
Questions		**Very Good (5)**	**Good (4)**	**Fair (3)**	**Poor (2)**	**Very Poor (1)**	**Unsuits-factory (0)**
1. Is the kitchen consistently cleaned and maintained by the cook?							
2. Does the cook return equipment in good condition after use?							
3. Does the cook have a good attitude towards his/her colleagues?							
4. Is the cook willing to help out on additional tasks when needed?							
5. Is the cook arriving to and leaving from work as scheduled?							
TOTAL SCORE:							
Other Observations:							

Self Evaluation Form: Kitchen Staff

Employee:						Date:	
Questions:		**Very Good (5)**	**Good (4)**	**Fair (3)**	**Poor (2)**	**Very Poor (1)**	**Unsatis-factory (0)**
1. I make sure the kitchen is clean and maintained.							
2. I return the equipment in good conditions after I use it.							
3. I have a good attitude with my colleagues.							
4. I help out with other tasks when help is needed.							
5. I arrive and leave work as scheduled.							
TOTAL SCORE:							
What do you like most about working in this enterprise?							
What do you like least about your job?							
Additional Comments?							

Figure 93: Sample Evaluation Forms

Presentation: Staff Incentives

Identifying areas where staff need improvement is an important element of helping to increase service in the enterprise. However, people often react better to positive reinforcement, which is when you praise them for good performances. The best way to do this is to offer incentives for your staff when they perform well.

The easiest incentive is to offer money when someone has performed well. But while the enterprise is starting up, you won't have very much money to spend so we need to be creative about other incentives you could offer.

Ideas and suggestions for incentives include:

- Partner with the other community tourism enterprises to offer free trips to their sites for the employee of the year.
- Give a trophy or medal for the best employee of the month.
- Give a presents like the merchandise that is sold to the tourists.
- If you buy a lot from a certain shop you can ask to get a gift certificate from the shop or gift basket.
- Host a family picnic day or celebration for all the enterprise staff and their families.
- Have a Christmas or Easter party or a day trip for the employees.

Practice:

Discuss the following questions:

1. What do you think of the idea of evaluating your staff?
2. Do you think that people in your community will be comfortable with this process? Why? Why not?
3. What do think you could give in your community enterprise as an incentive for your employees?

Production:

Manager/Mentor tasks to complete their Operations Manual:

During the course:

- Prepare at least one **Employee Evaluation Form** and one **Self Evaluation Form** for your one of your employees.
- Decide with your mentor on how often you will do evaluations in your enterprise.

After the course:

- Create the remaining **Employee Evaluation Forms** and **Self Evaluation** Forms for all your employees.
- Define the process of staff assessment in the Operations Manual

9. Tour Procedures

9.1 Emergency Planning

Overview:
Within this chapter, we will discuss:

- How to identify the potential emergencies that can happen in your enterprise.
- How to write an emergency plan for your enterprise.
- How to create a list of equipment that is needed in an emergency.

Materials:

- Markers and WhiteBoard
- Sample Emergency Plan

Time:
3 hours

Presentation

The first priority of every tourism business should be providing high quality and safe services. However, sometimes things will go wrong and the enterprise will need to be prepared for these emergencies. The staff should be well trained in how to handle emergencies and the Operations Manual should include an emergency plan.

Structure for an Emergency Procedure Document

1. Emergency Contacts

The plan should list out the phone numbers and radio channels of important contacts that are useful in an emergency situation including:

Transportation: In the situation that someone will need to be evacuated or brought to the nearest hospital or health center, the enterprise must know exactly who to call and have at least three or four different number to ensure that someone is available. The transportations means could be:

- Buses, Vans or Taxis
- Boats and speed boats
- Planes – There are some planes that are specialized in the transportation of people that are sick or wounded

It is very important that the staff know exactly how long it takes to go to the nearest hospital in any of these transportations means and also the price. These are the first two questions the tourist would like to know if they are hurt.

Doctors or Nurses: Some communities are very remote and there are no doctors available within the community. However, there may be nurses or other people that are trained in first aid. It is important to know their phone numbers and addresses to call them in an emergency. If there is a small town or city close it is important to have phone numbers of specialist doctors for example:

- General doctor or family doctor
- A specialist in broken bones
    - Dentist

2. Types of Emergencies

Each of your communities will have different types of emergencies that can occur. It is important to list out the scenarios that you think could happen and ensure that you have a plan for each.

Examples of Emergencies that can occur:

- Storms/heavy rain
- Snake Bites
- Fractures and Sprains
- Allergic Reactions
- Boat Emergencies
- Car Accidents

Practice:
Each manager and mentor pair list out all of the types of emergencies that could occur in their communities and enterprises. Present the lists to the group.

Emergency Scenarios
Since there are different emergencies in different places, each enterprise needs to have a specialize list of their emergency scenarios and a plan of action to address each. Each of the scenarios must state the type of emergency and the steps to help the clients in the most professional way.

For every scenario we must fill the following categories:

- First Line of Response
  - This point outlines what enterprise staff members should do immediately.
- Second line of Response
  - This point outlines what must happen to help the tourist after the first line of response is completed.
- Procedures/Steps:
  - First point of contact including name and phone number/radio frequency
  - Transportation including
    - Form of transportation needed
    - Transportation contact information
    - Cost of transportation
    - The time it takes to reach the nearest hospital or health center
  - Type of doctor – What type of doctor is needed to help the tourist and their contact information
  - Responsible enterprise staff – Who in the enterprise will accompany the tourist to the hospital?

Example Scenario

On a hike, a tourist falls and breaks a bone.

First line of Response: The guide who has completed the first aid course assesses the situation and provides basic care.

Second line of Response: The tourist must be taken to the hospital.

Steps:

1. The guide calls the manager of the business on the radio.
2. The manager calls the doctor at the hospital to notifying him that a tourist will be arriving and informs him of the details of the situation.
3. The manager calls the taxi for emergencies
4. The guide tells the tourists exactly how long will take to get to the hospital
5. The guide accompanies the tourist to the hospital
6. The manager calls a second guide to take care of the rest of the tour group
7. The guide can leave the tourist at the hospital when the tourist is ok and when a family member, friend or tour operator representative arrives.

Equipment
In an emergency situation, the first line of response can be very important. However, first aid is sometimes only as good as the equipment available. For example, if someone receives a deep cut and they are bleeding, they will need a gauze bandage to help stop the bleeding. This should be included in the first aid kit, but if the first aid kit as not been well maintained and replenished, the gauze may be missing and the tourist may lose much blood.

Having equipment that is in proper working condition is just as important as having a plan to address emergencies.

Practice:
Choose a few examples from the lists of emergency scenarios that the managers and mentors created earlier. Go through these examples and list out the types of equipment that the enterprise should have to properly handle the emergency.

Practice:
Review the example Emergency Plan for Rainforest Tours (next page).

Production:
Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>
- Finalize the list of emergency scenarios and the types of equipment needed to address each scenario.

<u>After the course:</u>
- Create the emergency plan with full details on how to address each type of emergency scenario.

Rainforest Tours
Emergency Procedures

This booklet is part of the Rainforest Tours Operations Manual and contains vital information for emergencies that might occur in tours through the area in which we work. It is very important that every staff member of Rainforest Tours knows the contents of this section and carries a copy in their backpack on every tour.

There is a description of different emergency scenarios of emergencies that are most likely to occur and a set of steps that must be followed to help our clients the best way possible.

Remember that every member of the staff has to take a first aid course in order to be able to work with the enterprise. This enterprise works in adventure tourism and in a very remote area where is difficult to provide to people with proper medical attention if someone has an accident. Therefore as staff members we need to know exactly how to react to an emergency, what to do, who to call, how far is the next hospital… these are all questions that every staff member must be able to answer.

Communication
Radios: In our area, the best way to communicate is by marine VHF radios. A list of key radios include:

Las Marías	Las Marias Biosfera Batiltuk (all at VHF 68) Radio Grande (frecuencia de Salud Publica)
La Costa	Sikia, Yaraggy, Raista, Jordina, Eriko, Playita, Alejandra (VHF 68) Islena II (VHF 02/16) Aguila (VHF 65) Zidane (VHF 08) Radio grande (frecuencia de Salud Pública)
La Laguna	Erika, Yosira, Bielka, Duhran Tangni, Geny I, Jessy I, Yamila (VHF 68) Plantel, Mar I, Mar II, Slilma (VHF 78) Municipalidad (VHF 16) Dania (VHF 03) Radio Grande (frecuencia de Salud Pública)
Plaplaya	Dona Sedy (VHF 68)
Batalla	Batalla (VHF 68)

Important Telephone Numbers:

Name	Number	Notes
Duhran Tangni	433.8265 ó 433.8009	
Dorcas Wood	9889.7698	
Elmor Wood	433.8194 ó 9901.2147	
Centro de Salud Brus	433.8082	
Muicipalidad Brus	433.8206	
Dr. Montes en Brus	433.8075	

Dra. Marissa Bordas en Brus	433.8078	
Jimmy Andino en La Ceiba	3391.3388 ó 406.6782	
Dona Cecilia Bodden en Raista	433.8216	
Maira Wood en Belen	401.5096/97/98	
Local Airlines	433.6117 ó 433.8031	
Hospital Lempira	433.6022	

Transportation Information:

Air Ambulance

To take the patient out of the Biosphere Reserve in an emergency, the enterprise must call for an air ambulance. This will allow the person to be brought to a hospital as quick as possible.

Steps

1. Call on the Radio to VHF 68 in Pinares, Ahuas to request for an air ambulance
2. In case that the companies "Alas del Socorro" or "Yale" are not available contact "Sami" (the local airlines) at the following number 433.6117, 433.8031 or radio Zidane, Raista, Duhran Tangni or Las Marías.

   When there is an emergency in an isolated place where radio is the only available form of communication and there is a need to speak with a medical professional over the phone. It is best for the radio to contact the main office or a place with a phone line. The office can then call a medical professional and hold the radio up to the phone so the isolated place can communicate the emergency directly and receive directions on the next steps they should follow.

3. In case you are in Las Marias, call through the Radio to the Zidanes for them to coordinate the flight and take a boat to Blen, which is the nearest landing strip. By the time you arrive the plane should be there already.

The following table shows the cost of the air ambulances or airplanes that evacuate medical emergencies.

Company	Destination	Cost (in Lempiras)
Alas del Socorro	Ahuas-Las Marias-Ahuas	2500
	Ahuas-Brus-Ahuas	2000
	Ahuas-Belen-Ahuas	3000
	Ahuas-Las Marias-Lempira	3000
	Ahuas-Brus-Lempira	4500
	Brus-La Ceiba	4000
Yale	Ahuas-Las Marias-Ahuas	1300
	Ahuas-Brus-Ahuas	1200
	Ahuas-Belen-Ahuas	1300
	Ahuas-Las Marias-Lempira	3000
	Ahuas-Brus-Lempira	3500
	Brus-La Ceiba	3000
Local Airlines	Lempira-Belen-Lempira	7000
	Lempira-Brus-Lempira	6000

	Lempira-Belen-Ahuas Lempira-Brus-Ahuas Brus-La Ceiba	7000 6000

Contact Information for Hospitals and Health Care Centers

Name	Telephone	Radio	Notes
Health Center, Brus Laguna	433.8082	Radio Grande Frequency: 6659.0	
Dr. Montes	433.8075		Brus Laguna
Dra. Marissa Bordas	433. 8078		Brus Laguna
Health Center Cocobila		Radio Grande	
Health Center Ibans		Radio Grande Frequency: 6659.0	
Hospital Bayan en Palacios		Radio Grande Frequency: 6659.0	
Hospital Ahuas		Radio Pinares VHF 68	
Hospital Puerto Lempira	433.6022	Radio Grande Frequency: 6659.0	
Health Center Nueva Jerusalén		Frequency 6659.0	

Warning!
This contact information list should be updated every six months in case the numbers change.

EMERGENCY SCENARIOS

1. Hurricanes / Tropical Storms

In this section the procedures for Hurricanes and Tropical Storms are described.

Steps

1. As quick as possible start to evacuate the tourists when there is a hurricane alert. If possible bring them to La Ceiba which is the biggest city close to the Reserve.
2. In case they have to stay in the community explain the emergency procedures to the tourists. When you explain the procedures, do it in a calm manner so that you do not scare the tourists. Do not exaggerate and be very objective when you give the information.
3. Bring the tourist to the Baltimore or Aras Laya communities as these are most safe in a storm situation. Rainforest Tours enterprise will cover the transportation costs to these communities.
4. If you need additional help please contact the municipal authorities or COPECO which is the Civil Emergencies Organization.

Important: Train all the staff in the procedures provided by COPECO in case of Tropical Storms and Hurricanes. Each member of the staff has to have a copy of theses emergencies procedures.

Staff to be trained: Managers, Guides, Boat Drivers and assistants

Supplies needed for staff to be prepared for emergencies:

- Radio
- Cell phone
- First Aid Kit

2. Allergic Reactions

When a client has an allergic reaction following the procedures below.

Steps

1. Follow the procedures of the book "Where there is no doctor" the staff members such as guides, managers and boat drivers should have laminated photocopies of the chapter on allergies.
2. For insect bites or contact with plants give the client an "Alergil" or "Histadril"
3. For allergies related to food consumption give the client "Alergil"
4. If the client has an extreme allergic reaction, bring the person to the nearest Health Care Center.

Supplies needed:

- Radio
- Cell phone
- First aid kit
- Photocopies of "Where there is no Doctor"

Staff to be Trained: Managers, Guides and Boat drivers

3. Nausea /Diarrhea

Procedures for tourists who have stomach illnesses.

Steps

1. Follow the procedures in the book "Where there is no doctor" the staff members such as guides, managers and boat drivers should have laminated photocopies of the section on Nausea and Diarrhea.
2. Give the client rehydration salts which are in the First Aid Kit, Gatorade or if you are far away from stores you can also give them Coconut Water.
3. Offer the tourist Dramamine and/or Pepto-Bismol
4. If the client is not getting better bring him to the closest Health Care Center.

Supplies needed:

- Radio
- Cell phone
- First aid kit
- Photocopies of "Where there is no Doctor"

Staff to be trained: Managers, Guides and Boat drivers

4. Overturned Boat

In the event of an overturned boat, make sure that the clients get to shore safe and get the proper attention.

Steps

1. Before every trip, guides should inform all of the clients how to react in case the boat overturns
2. Make sure that all clients have a life jacket on hand when boat trip starts
3. In the case of an overturn, turn off the motor immediately and make sure that all passengers make to shore safely. Make sure that no passengers are injured. If someone is injured move on to Step four. Then pick up the luggage and other supplies and belongings. Finally, clean up the boat.
4. If a passenger is injured, the guides should apply first aid techniques.
5. The boat driver should radio or call via cell phone the nearest known station.
6. If someone needs medical attention, take this person to the nearest health center for an evaluation. In the case that this person needs to be transported to a hospital, take the fasted means of transportation to get to the hospital

Supplies needed:

- Radio
- Life jackets
- First aid kit
- Paddles
- Machete

Staff to be Trained: Guides and Boat drivers

5. Accidents in the Water

If someone is hurt in the water, use the procedure below.

Steps

1. Follow the procedures of the book "Where there is no doctor". The staff members such as guides, managers and boat drivers should have laminated photocopies of the section that refers to wounds and broken bones.
2. Give the person the first aid and then immediately take him to the nearest Health Care Center, if necessary.
3. If you are far away and the accident requires it, go to the nearest radio, call the doctor and ask him what to do and then go to the nearest Heath Care Center
4. If the emergency is very severe take the patient to the Hospitals (Puerto Lempira, Ahuas, La Ceiba) See information on the air ambulance.

Supplies needed:

- Radio
- Cell phone
- Life jackets
- First aid kit
- Paddle
- Machete

Staff to be trained: Managers, Guides and Boat drivers

6. Damaged Boat

Procedures for a damaged boat.

Steps

1. There should always be a toolbox with repair tools in it on the boat.
2. There should always be boat paddles and a machete on the boat.
3. If the boat cannot be repaired by the boat driver, call the logistics coordinator on the radio and have him send another boat to get the clients.
4. Tell the passengers that a boat on the way to pick them up.
5. If it will take a few hours for the boat to arrive, look for a good place to set a camp.

Supplies needed:

- Radio
- Cell phone
- Life jackets
- First aid kit
- Paddle
- Machete

Staff to be trained: Managers, Guides and Boat drivers

7. Snake Bite

Procedures for snake bites.

Steps

1. Emergency assistance should be immediately call. While waiting for the emergency assistance, first aid should be provided to the victim. This is very crucial to reducing casualty.
2. Take out the anti-venom put it on the syringe and apply a drop to the patient's eye and wait a few minutes. I f the eye turns red DO NOT give him the anti-venom, it means that the person is allergic. If the eye does not turn red, apply the anti-venom.
3. Talk to the patient and tell him/her to try to stay calm since everything will be ok. (If they are very nervous the venom will spread quicker since their heart will be beating fast). Also restrict the tourist's movements this will keep the venom immobile and lower the heart rate.
4. Assure the affected person that emergency services are on the way.
5. Keep a constant monitor on the vital signs such as rate of breathing, temperature, blood pressure and pulse.
6. If there is a suction device available that can be used to draw out the venom without making cuts, apply this to the wound.

What not to do

Medical professionals may not agree on every point of what to do for snakebites but they are almost unanimous in their opinions of what not to do. Some of thing that you should NOT do are:

- Tourniquets should not be applied to affected area. This completely stops blood flow and can result in loss of limb.

- No cold compressors or ice cubes should be applied.
- Never try to draw out venom by mouth.
- No application of razor or knife should be on the wound.
- Nothing should be given to the victim through mouth.

Supplies needed:

- Radio
- Cell phone
- Life jackets
- First aid kit
- Paddle
- Machete

Staff to be trained: Managers, Guides and Boat drivers

Bone Fractures or Breaks

Procedures for when a tourist may have fracture or broken a bone.

Steps

1. Implement first aid steps indicated in the book "Where There Is No Doctor".
2. Call the nearest radio for help. If possible call the doctor to explain what happened and take action if he advises it.
3. Move the patient to the nearest health center for evaluation.
4. If necessary take the patient to the nearest hospital (Ahuas, Lempira or La Ceiba). See information on communication and airfare in the sections above.

Supplies needed:

- Radio
- Cell phone
- First aid kit
- Paddle
- Machete
- Book “Where there is No Doctor”

Staff to be trained: Managers, Guide, Boat drivers and assistants

9.2 Equipment Inventory and Managment

Overview:

Within this chapter, we will discuss:

- Importance of having one person who is responsible/accountable for the equipment
- Importance of a secured space to keep equipment
- Establish policies in the enterprise if equipment is damaged or stolen by clients and/or staff.
- Insure that the equipment is in good conditions all the time.
- Make budgets for yearly renewal of equipment.
- How to manage the inventories of cooking ingredients

Materials:
White board, flip chart paper, and paper/pen

Time:
2 hours

Trainer Notes:
The Trainer must make sure that in the Manual of Operations there is a section on how to make an inventory.

Presentation

A tourism enterprise must have certain equipment in order to conduct tours. For a boat tour you must have life jackets, a motor, etc. For a horseback riding tour you need to have a saddle and for a bird watching tour you need to have binoculars. All of these pieces of equipment, not matter how small or seemingly unimportant need to be provided to the tourists in good condition. All of the enterprise's equipment must be in good condition all the time, especially the items the tourists see and use. It shows lack of professionalism if the equipment looks old and damaged or if it does not work. If the equipment is in bad condition, it should never be given to a tourist.

In order to ensure that all of the enterprise's equipment is kept in good condition, there must be one person who is responsible for it. This person must check the equipment at least once a month to ensure that everything is in good condition. In order to do so, this person must have an inventory of the equipment. An inventory is simply a record or list of all the equipment with a number assigned to each piece of equipment and an area where the person responsible can note the condition of the equipment. At the end of the Chapter there is a template for equipment inventory.

A quick inventory should occur at least once a month. During this inventory, the person responsible should check all the equipment and update the condition of the equipment. A full inventory which including replacing equipment should be done at least 4 times a year, preferably at the end of each quarter. It is important to stop using or replace equipment that is damaged. For example, a boat tour enterprise cannot use a life jacket that is damaged because it will endanger the safety of the tourist. In a lodge we cannot let tourists see blankets with holes or towels that have tattered edges. We need to make sure everything looks new.

Although all of the equipment is the property of the enterprise, sometimes individual staff members will need to use it. In the kitchen, the cook will need to be responsible for keeping track of and maintaining all of the kitchen equipment including appliances and utensils. In a lodge, the house keeper will be responsible for all the sheets and towels. These staff members need to do the quick inventory at the end of each month to track the condition of the equipment. The Manager is responsible for doing the full inventory at the end of each quarter but the staff is accountable for the equipment that is under their responsibility.

<u>How can we make staff accountable?</u>

If the staff is accountable for the equipment that they use on a regular basis we need to ensure that there is a formal system in place to help them understand their responsibility. When creating contracts with the staff, their responsibility for equipment needs to be included in the document. The contract should state that is the equipment is unreasonably damaged or missing the staff person responsible will have to cover the cost of the equipment out of his or her salary.

In the case that there is a rotation of people that work in one position, the person who is leaving needs to fill out an inventory sheet and the person coming in must fill out and sign a Receipt for Company Property when they begin their work. The Manager should review the two and make sure that they match.

It is a good policy to tell your employees that if they damage equipment through carelessness they will have to pay for the damaged item. This measure may seem strict but is the only way to ensure that the staff takes cares of the equipment. If your enterprise does not want to do this, the enterprise will lose a lot of money from replacing equipment.

How can we make the tourists accountable?
Sometimes, equipment will be damaged by the tourists that use it. If the tourists damages or loses the equipment we do not want to make the staff person pay. Instead we need to ensure that we have systems in place to make the tourist accountable.

Some suggestions are:

- Tourists must pay in advance for rented equipment.
- In addition to the payment for rent, the client has to give a deposit, if the equipment is returned in good condition they receive back their money.

Process: Equipment Inventory

Step 1: Identify the Person to do the Inventory
If the Manager is not doing the inventory then he/she must assign an employee to do it. If possible, the inventory should always be done by the same employee or the Manager.

Step 2: Design your own template for the Inventory
If you do not have an inventory sheet, make one. You can use this template every time you do an inventory. Make sure that you have a folder to keep all your inventory sheets organized.

Step 3: Set aside a specific day to do the Inventory
Set aside a day when there are no tours to do the inventory. Make sure all the equipment is in your place of work.

Step 4: Number the Equipment
Assign a unique number to every piece of equipment. Write the numbers with permanent markers or put stickers with numbers on each piece of equipment.

Step 5: Fill in the Inventory Template

Type of Equipment: Guiding Equipment		**Date:** May 1, 2011
		Completed By: Amare
Item	**Number**	**Notes**
Backpack	1	Good Condition
Backpack	2	The Zipper does not close properly needs to be replaced
Binocular	1	Complete
Binocular	2	The bag is missing
Binocular	3	The piece to protect one lens is missing

Table 14: Equipment Inventory Template

Step 6: File the Template
Once you finish filling in the template, be sure to file it in the appropriate folder.

Assigning Equipment to Staff

Step 1: Determine what equipment the staff person needs
Before the service happens the manager assigns equipment to the staff that requires it for the tour.

Step 2: Review the Equipment
Go through the equipment with the person that is going to have it under his/her responsibility, to

revise that nothing is missing and that is in good condition.

Step 3: Make Note of What Is Being Used and By Whom
Have the person sign it.

Step 4: Review the Equipment after the Tour
When the employee returns from the tour, the equipment the Manager takes out the form and revise that the equipment is complete and not damaged.

Equipment Inventory Template

Type of Equipment:		Date:
		Completed By:
Item	Number	Notes

Figure 94: Equipment Inventory Template

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the course:

- Determine how often an Inventory will be done and what should be included in the inventory.

After the course:

- Conduct the first equipment inventory.

Warning!
The manager must be strict with the rules in the kitchen and always reinforce the submission of both forms to have a better control on how the different cooks use the resources.

9.3 Feedback Forms and Client Testimonials

Overview:
Within this chapter, we will discuss:

- How to gather feedback from clients immediately after their trip
- How to gather feedback from clients after they return home

- How to interpret and use client feedback
- How to gather and use client testimonials

Materials:

- Internet connection to show Lonely Planet Throntree and Tripadvisor.com
- Sample testimonials/comment book if possible

Time:
4 hours

Presentation: Client Feedback

As a business you always need to make sure that you are providing the best service possible to your clients. This means knowing what their expectations are and knowing if you are meeting them or not.

Practice: Client Feedback Discussion

The trainer should lead a discussion with the class on why they think client feedback is important. Make sure that you talk about each of the following points:

- Negative Reasons:
  - Assessing the overall quality of your product
  - Knowing what things you need to improve about your enterprise
  - Knowing if your staff is performing well or poorly
  - Evaluating what specific aspects of your tour need improvement
- Positive Reasons:
  - Providing your staff with positive feedback to encourage their confidence
  - Using for marketing purposes (e.g. testimonials)
  - Showing tour operators that you are improving
  - Showing your clients that you care about their experience
  - Making sure that your clients know that you are trying to improve
- Informational Reasons:
  - Knowing more about your clients in order to market to them better
  - Knowing more about your clients to provide them with more and better products

<u>So now that we know why it is important to ask clients for their feedback, how do we do it?</u>
You can ask for feedback in many different ways. The simplest way is to ask them verbally. This shows the client that you are concerned about their experience and that you are taking the time to follow up with them individually. As Managers, you should try to talk to each client at the end of every tour. Even if you just ask how their trip was.

However, when you ask a client for feedback verbally they may not be completely truthful with you because they do not want to hurt your feelings. So it is also important to give them a way to provide you with feedback in a written form.

A written feedback form should be short and concise with only relevant questions that can be easily understood. They form should not be more than one page long and in most cases just a half a page.

<u>Questions to Include</u>

- Informational
  - Nationality
  - Age
  - Number of people in their group
- Overall tour quality
  - At least one questions where people can rate the overall quality of the tour on a scale of 1 to 5

- Specific aspects of the tour
    - Questions that allow them to rate the quality of specific aspects of the tour on a scale of 1 to 5 (e.g. guides, boat ride, horse riding, etc.)
- Marketing questions
    - How did you hear about our enterprise? (with a list of options)
    - What are your main motivations for visiting our enterprise? (with a list of options)
    - Which hotel are you staying at?
    - Where did you come from? Where are you going?
    - Allowing a space for their email address (optional)

It is important to use both rating questions and open-ended questions. Rating questions will help us look at the performance of our enterprise in an objective way over time since we can easily compare numbers. However, these questions are very specific so we also need to allow areas for the client to provide us with comments and suggestions about their experience so that we have more details.

Let's look at Rainforest Tour's feedback form below and discuss its questions and what it may be missing.

CLIENT FEEDBACK FORM

Thank you for visiting Rainforest Tours!
We appreciate your business as well as your feedback and ask that you take a few minutes to fill out this tour evaluation. The information you provide assists us in ensuring the quality of the Rainforest Tours experience!

Please circle one answer per question with 1 being very low to 5 being excellent

Please rate the overall quality of the **tour.**	1	2	3	4	5
Please rate the quality of the information provided to you by the **guide.**	1	2	3	4	5
Please rate of the quality of the **trails** and enterprise **equipment.**	1	2	3	4	5
Please rate the quality of the **boat ride** experience.	1	2	3	4	5
Please rate the quality of the **food.**	1	2	3	4	5
Please rate your perception of the **hygiene** of the **restaurant.**	1	2	3	4	5

Please provide us with any comments or suggestions about your experience with Rainforest Tours? We rely on our clients' comments to help us improve!

How did you hear about Rainforest Tours? ***(check all that apply)***

- ❑ Recommendation from Friend/Traveler
- ❑ Our Posters/Bookmarks/Banners
- ❑ Magazine/Travel Guide
- ❑ Other? *(if yes, list all here)* _____
- ❑ Our Website/Web Search
- ❑ Travel Agency/Tour Operator
- ❑ Online Travel website

What are your main motivations for visiting the region of Rainforest Tours? ***(check all that apply)***

❑ Nature ❑ Culture ❑ Adventure ❑ Other? (if yes, list all below)

_____

What are your main motivations for buying a tour from Rainforest Tours? ***(check all that apply)***

❑ Our Prices ❑ Our Website ❑ Our Customer Service ❑ Our Support of Communities
❑ A Recommendation ❑ Our Support of the Environment ❑ Other? (if yes, list below)

_____

Where are you coming from prior to your visit to Rainforest Tours? Where are you going to after?
Coming From: _____ Going To: _____

We would also like to share with you news of the conservation/community development projects your visit to Rainforest Tours helps to support - but we also respect your privacy. If you would like to receive updates please provide us with your email address here: _____

Figure 95: Sample Client Feedback Form

What to do with the feedback forms

After we have collected all of the information in the feedback forms, what do we do with it? It certainly won't do us any good to put them in a file cabinet and never look at them again. As the Manager you will need to review all of your feedback forms at the end of the month and make decisions about things that need to be changed or improved. This might mean talking to your staff about how they can improve or fixing a piece of equipment that might be broken. Also, the information in the feedback forms is an easy way to report to the Executive Committee on the status and growth of the enterprise.

The best way to do review your feedback is to compile the information in a centralized place. Microsoft Excel is a wonderful tool because it allows you to compile and analyze data easily and add more data over time.

Practice:

1. Open Microsoft Excel and show the participants on the Projector how to fill in information in a simple table and then use the average formula =average(b3:b13) to find the average rating for each question.
2. Review Rainforest Tours' Feedback Form Summary and provide recommendations for what the enterprise should do to improve their services.

Feedback Form Summary – March 2011

Client Number	Quality of the tour	Quality of the information provided	Quality of the trails and equipment	Quality of the boat ride	Quality of the food	Hygiene perceptions
1	2	2	4	1	4	3
2	3	4	4	2	5	3
3	3	4	4	3	5	4
4	4	2	5	3	5	2
5	5	4	4	3	3	3
6	4	4	5	2	3	2
7	4	5	6	3	4	4
8	4	5	5	3	5	5
9	5	3	3	3	4	1
10	2	1	2	1	1	1
Average	**3.6**	**3.4**	**4.2**	**2.4**	**3.9**	**2.8**

Figure 96: Feedback Form Summary Example

Other Important Uses of Feedback Form Information:

- Send updates to Tour Operator Clients as your ratings increase
- Set goals for the guides or other staff to achieve certain ratings and then reward them when they reach their goals
- Follow up with clients that have a bad experience and leave their email address. A personal

email from the Manager will help them to feel better about anything bad that might have happened

What other uses can you think of for the feedback forms?!

Production:
Manager/Mentor tasks to complete their Operations Manual:

During the course:
- Create a draft client feedback form for your enterprise

After the course:
- Manager and Mentors work together to create a Microsoft Excel spreadsheet to collect feedback information in

Presentation: Visitor Comment Books & Client Testimonials
Another way to collect feedback is to create a Visitor Comment Book. Most tourism enterprises, but particularly those with lodging, have a Visitor Comment Book on their reception/front desk. The book is a chance for visitors to share their comments – almost always positive – in a book that is available for everyone else to read.

Definition: Testimonial
A written or spoken statement by a past client reflecting their overall experience with a product or enterprise.

Visitor Comment Books are also a great way to do cheap and basic market research on your clients. It's an easy way to collect information on their arrival/departure date (and therefore trip duration), nationality, age and number of people traveling in their group.

Making such a book available to your clients is an easy, cheap, and an important step not only to share the comments with your other visitors, but also is a fantastic way to collect "testimonials" - written statements from actual clients in which they describe the reasons why they support your enterprise. It's a *personal* statement, and it is a *very effective promotional tool!*

Setting up a Visitor Comment Book is easy. You can use any kind of book or notebook you like, but it should be large enough for people to write freely without feeling constricted.

Warning!
Many tourism enterprises make the mistake of asking for information that is not really necessary to know and limiting the space for the clients to write in. For example…it doesn't really matter if someone is single or married, or what their passport information is (at least not in the Visitor Comment Book) so we don't include these questions.

The following is an example of a Visitor Comment Book. For this much information, it is best to spread the columns out over two pages.

Name	Nationality	Arrival Date	Departure Date	Number in Group	Age	Comments
Ash ley Akins	Canada	Jun 10 2008	Jun 14 2008	2	32	*"The people here are the friendliest that I have met in the entire country, and La Moskitia is such a beautiful and special place. I hope to come back here in a few months to spend more time. Good luck with sustainable tourism in La Moskitia!"*
Alex Klesper	Germany	Sep 21 2008	Sep 23 208	4	45	*"I like the way you have created this place. Comfort enough, but not artificial. The cabanas are beautiful, wind passing through. But what is even better are the friendly, smiling people here in Belen."*
Suzie Jacques	United States	Dec 12 208	Dec 13 208	1	23	*"Thank you for sharing this piece of paradise with us. Your attention to detail is appreciated and does not go unnoticed. I was very impressed with the clean white sheets, mosquito nets and table cloths. We arrived to find towels neatly folded, four glasses of water set out and a candlelit dinner. It far exceeded our expectations!"*

Warning!
A visitor comment book focuses on getting anecdotal testimonials from clients and does not allow you to collect more in depth information about the quality of your tour. If you are giving out client feedback forms that provide space for testimonials then you may not need a visitor comment book.

Practice:
Managers develop a Visitor Comment Book for their enterprises.

Production:
Manager/Mentor tasks to complete their Operations Manual:

<u>During the course:</u>

- Description of the tasks & deliverables that each Manager/Mentor will complete for their individual operations manuals *during* the course.

<u>After the course:</u>

- Description of the tasks & deliverables that each Manager/Mentor will complete for their individual operations manuals *after* the course.

9.4 Liability Waivers & Medical Forms

Objective:
Within this chapter, we will discuss:

- Explain why it is important to have clients review and sign liability waivers and medical forms
- Identify the information/activities from their enterprises to include in their own liability waivers and medical forms
- Develop their own liability waivers and medical forms

Materials Required:

- Sample *Liability Waiver* and *Medical Form*

Time:
4 hours

Presentation: Liability Waivers

All forms of tourism, in particularly adventure tourism such as mountain biking and rock climbing, involve some degree of risk. But clients don't need to be mountain biking down a volcano or rock-climbing on a cliff face to get hurt on a trip. Although it's terrible to think about, clients can hurt themselves simply stepping out of a vehicle or walking down the street.

It is your professional responsibility as a tourism business manager to reduce the risk of injury to your clients in every possible way. These steps can include:

1. Ensuring that all of your equipment is well-maintained and functional
2. Training your staff to recognize risk and avoid it in every possible way
3. Training your staff to provide basic medical attention to injured clients
4. Anticipating potential emergency scenarios and developing logistics and communication plans to deal with those emergencies
5. Informing your clients of the inherent risks involved in the activities of your enterprise, and providing the opportunity for them to choose not to participate if necessary
6. Understanding the physical and medical limitations of your clients, and restricting their activities to reduce their risk accordingly

It is the last two steps that we will attempt to address in this lesson through two important documents…the *Liability Waiver* and the *Medical Form*.

Definition: "Liability"
In the legal sense, the word **liability** means a situation in which a person or business is *financially and legally responsible*

Liability Release Form:
The *Liability Release Form* is a way to communicate to your clients, prior to their tour, the types of activities they may be participating and the types of inherent risks associated with those activities. It also states that by reading and signing the waiver, the clients *release your enterprise of all liability* if in fact an accident or injury should occur.

Now, there has been a lot of discussion and disagreement in the adventure tourism industry about importance and use of liability waivers because many argue that a good lawyer could probably find ways to discredit nearly any liability waiver in a court of law.

So why have one? Because it is still the best tool to communicate potential risks to clients, and to have them understand that by choosing to go on the tour, they are assuming those risks.

Practice: Developing a Liability Waiver

The trainer leads the following activities:

1. Review the *Liability Waiver* template and discuss each of the various sections, ensuring that all of the students understand the somewhat complex legal vocabulary
2. Highlight the various sections of the *Liability Waiver* that need to be customized/updated in order to be used by the enterprises in the course (these sections are in RED CAPS in the *Liability Waiver)*
3. Each Manager/Mentor should then brainstorm:
    a. The various activities specific to their enterprise that should be included in the waiver
    b. The various equipment specific to their enterprise that should be included in the waiver
    c. Any other information that applies to the activities and tours they are selling
4. Each Manager/Mentor should then update the *Liability Waiver* template accordingly with the information that have documented

Production: Liability Waiver

The Manager presents their enterprise-specific activities that are included in their waiver.

Practice II:

It's important that the Managers understand that the *Liability Waiver* is not a step that eliminates their need to work very hard to reduce risk in any/all other ways. Therefore, the trainer can lead a discussion that asks the Managers:

1. *What are some basic steps to keep equipment well-maintained?*
2. *What are some ways to train your staff to recognize risk and avoid it in every possible way?*
3. *Are there local Red Cross or other medical training course that your staff can take to provide basic medical attention to injured clients?*

Production II:

Managers and Mentors write down the specific answers to these questions in a form that can be included in their Operations Manual.

Presentation: Medical Forms

Medical Forms are a good way to collect information about your clients that may help you to make decisions that would reduce the risk of injury and accident to your clients.

Medical Forms are usually used for tours that involve a variety of activities (such as a four-day tour) or tours that involve a lot of physical activity (such as hiking, biking, kayaking). If your tour was a one-hour, non-strenuous walking tour of an archeological site…you probably don't need clients to fill out a *Medical Form*.

Clients need to complete the *Medical Form* prior to starting their tour, and the more time that you have to review the information the better, particularly for multi-day trips. Therefore, if you can email the *Medical Form* to your clients and request that it is returned the same way, that's best. If that kind of advance time or email is not an option (or if your client forgot their form) be sure to have your clients fill out the form prior to departing on their trip.

Tourism Tip!

- Always explain to clients that the information that they put on their *Medical Form* is

CONFIDENTAL, and therefore will not be shared with anyone outside of the enterprise.

- If there is any information or conditions on the form that is not completely understood, be sure to clarify those questions with the client.
- Dietary Needs: Many people from North America and Europe, particularly young adults, are "vegetarians". BUT, the definition of a vegetarian can vary somewhat…and it is always important to clarify with clients what they mean when they call themselves vegetarians.
    - Some vegetarians don't eat meat, but WILL eat fish/shellfish
    - Some vegetarians don't eat meat or fish, but WILL eat dairy products & eggs.
    - Some vegetarians don't meat, fish, dairy products, eggs, or any other animal product (these guys are called "vegans").

What to do with *Medical Form* information:

Okay, so your client has filled out the form and has included quite a bit of personal medical information on it. The following table lists some possible responses from the *Medical Form,* as well as some potential actions that a Manger would need to take:

***Medical Form* Question**	**Potential Client Response**	**Potential Manager Action**
Do you have any **previous injuries** that could limit your physical ability to participate in outdoor activities? If yes, please explain.	"I have a bad shoulder from an old injury"	The manager suggests to the client that they ride in the motorized canoe rather than kayaking during the tour
	"I have difficulty walking for more than 15 minutes because of a knee injury"	The manager suggests that the client not go on the half-day jungle trekking tour
Do you have any **significant known allergies** to such things as: bees, nuts, medicines, shellfish or other foods? If yes, please explain.	"I have to take a cortisone shot if I get stung by a bee"	The manager confirms that the client has their cortisone shot with them prior to departing on an eight-day rainforest tour
	"I am dangerously allergic to shell fish…particularly crab"	The manager instructs the kitchen staff to prepare an alternative meal for this client instead of the shrimp dinner
Do you have any trip **significant known medical conditions** such as: heart condition, pregnancy, asthma, diabetes, epilepsy? If yes, please explain.	"I have epilepsy and have a tendency to have an attack when I am overly exerted"	The manager tells the client that the volcano hike is extremely strenuous (more than six hours of hiking) and that the client should consider one of the less strenuous tour options (such as the city walking tour)

Practice: *Medical Forms*

Mentors role-play being a client, and fill out a *Medical Form* with a variety of medical conditions that the Manager has to review and decide what action to take. Afterwards, the Mentor and Manager discuss the various medical conditions, and the potential actions that a Manager can take to deal with those conditions (and the client who has them).

Production: *Medical Forms*

Using the template (at the end of this lesson plan), Managers and Mentors create the *Medical Form* that they will use for their enterprise, and include it in their Operations Manual.

INSERT LOGO HERE

Release of Liability Waiver

This release of liability form must be signed and dated (below) and given to INSERT YOUR COMPANY NAME HERE staff before your trip departure.

In consideration of being permitted to participate in **LIST ALL OF YOUR ACTIVITIES HERE** or related activities under the auspices of **YOUR COMPANY NAME HERE**, I, the undersigned, hereafter, understand, acknowledge and agree that:

1. RISK OF BODILY INJURY OR DEATH: Participation in activities such as **LIST ALL OF YOUR ACTIVITIES HERE** and other activities associated with **YOUR COMPANY NAME HERE** may expose me to serious bodily injury or death. I may be exposed to these risks in many ways including but not limited to the following: transit to and from activities, riding bicycles on or off road, in traffic, taking a fall, getting in or out of boats, crossing creeks, or at any time around water. Exposure to environmental elements including -but not limited- to the following: sun, wind, rain, lightning, insects, plants or animals may also cause bodily injury and or death.

2. NEGLIGENCE: Injuries may occur as a result of my negligence, the negligence of others, or through no fault of myself or anyone else. I, the participant, having voluntarily chosen to participate assume full responsibility for my own actions. I knowingly, freely, and expressly assume all risks, both known and unknown, of bodily injury or death or damage or loss of personal property, as a result of my own negligence or the negligence of others. I further acknowledge that injury or death could result from the negligence of other group participants or guides and agree to hold harmless **YOUR COMPANY NAME HERE** and its staff for any act of negligence by other participants or the negligence of those persons released from liability below.

3. MEDICAL CARE: Any of the before listed activities may take participants to remote areas where professional medical care may not be readily accessible. **YOUR COMPANY NAME HERE** will use its best efforts to get injured participant(s) medical attention. Participants are responsible to reimburse **YOUR COMPANY NAME HERE** for all costs associated with any medical attention or assistance.

4. REIMBURSEMENT FOR DAMAGED EQUIPMENT: I assume complete responsibility under any circumstances, for all damages to any **LIST YOUR EQUIPMENT HERE** or gear issued to me on trip, or rented from **YOUR COMPANY NAME HERE**. I am responsible to compensate **YOUR COMPANY NAME HERE** the replacement value for any damages incurred to bicycles or other gear while on trip or renting from **YOUR COMPANY NAME HERE**.

5. WAIVER OF LIABILITY AND ASSUMPTION OF RISK: I certify that I have had adequate time to read, review, and understand paragraphs 1-4 and thus I, for myself and on behalf of my heirs, assigns, personal representatives and next of kin, HEREBY RELEASE, INDEMNIFY AND HOLD HARMLESS **YOUR COMPANY NAME HERE**, the owners, lessors and lessees of premises used to conduct the outdoor activities, their officers, officials, instructors, guides, volunteers, equipment suppliers, agents and/or employees ("the Releasees"), with respect to any and all injury, disability, death, or loss or damage to personal property, whether caused by the negligence of the releases or otherwise; and I understand that, if I elect not to sign this, I will receive a refund of the trip fee.

I UNDERSTAND ALL THE CONDITIONS AFORE MENTIONED AND I ACCEPT THEM WITH MY SIGNATURE:

Date:_____ Name:_____ Signature:_____

Figure 97: Liability Waiver Example

INSERT LOGO HERE

Medical Disclosure Form

Please fill in this form and either scan and email, fax or turn it in to your guide at **INSERT YOUR COMPANY NAME** before departure on your trip. If there is anything you feel that pertains to you and that we have missed or that you feel we should know in an effort to keep you safe on your trip bring this to our attention before you leave. This disclosure form is considered *confidential* information, and therefore will not be shared with anyone. Thank you for your time!

Date:_____ Customer name:_____

Email address:_____ Trip Date(s):_____

Do you have any **previous injuries** that could limit your physical ability to participate in outdoor activities? If yes, please explain.

- ❑ No
- ❑ Yes

Do you have any **significant known allergies** to such things as: Bees, nuts, medicines, shellfish or other foods? If yes, please explain.

- ❑ No
- ❑ Yes

Do you have any trip **significant known medical conditions** such as: heart condition, pregnancy, asthma, diabetes, epilepsy? If yes, please explain.

- ❑ No
- ❑ Yes

Please list any **medications** you are currently taking as part of a before listed condition or otherwise.

- ❑ No
- ❑ Yes

Are your **immunizations** up to date including tetnus? If no, please explain.

- ❑ No
- ❑ Yes

Do you have any special **dietary needs**?

- ❑ No
- ❑ Yes

Thanks you for taking the time to fill in this form so that we may provide you with a high quality & safe experience

Figure 98: Client Medical Disclosure Form Example