



# 1

## PLANNING AN ECOTOURISM INITIATIVE

Series of training resources for bird-related tourism

### Benefits of an Ecotourism Business Plan

Ecotourism can provide economic benefits to communities and finance conservation initiatives in the natural areas visited. Since it is fundamental that an ecotourism initiative be profitable in the medium and

long term, effective business planning and management are essential to ensure the success of any ecotourism business.

### Ecotourism Challenges: Lessons Learned

Thirty percent of new companies created in the United States do not make it to the three-year mark<sup>1</sup>, while in Mexico 75% close in their first two years.<sup>2</sup> The primary reasons for failure include:

In Mexico, the case of ecotourism is equally humbling. A recent study of nature tourism businesses found that only 10% could be regarded as successful.<sup>3</sup> Nature tourism businesses can fail because:

- 1 Insufficient income to survive
- 2 Lack of metrics
- 3 Lack of evaluation
- 4 Poor planning
- 5 Operational challenges

- 1 They could not achieve the desired profitability.
- 2 Public policy did not support optimal operation.
- 3 They were unable to develop a process to convert and adapt their business to adjust to market conditions.
- 4 They faced organizational issues with the groups leading the processes.

**For ecotourism to be useful in supporting the conservation of natural areas, biodiversity, ecosystems, and environmental services, new ecotourism businesses should be supported to help them become successful. Planning plays a key role in achieving success and tools are available to help new or established entrepreneurs develop or improve their business plan.**

## Business Planning

A business is an organization that generates value in the marketplace and buyers are willing to pay to acquire. This value is made up of different components that interact through the business model. A business model describes the basis on which a business creates, provides, and captures value.

A business model can be thought of as a draft strategy for the business’s structures, processes, and systems. For an ecotourism project or initiative, the business model is intended to generate social and environmental benefits, while being profitable and sustainable over the long term.

## Initiate Planning

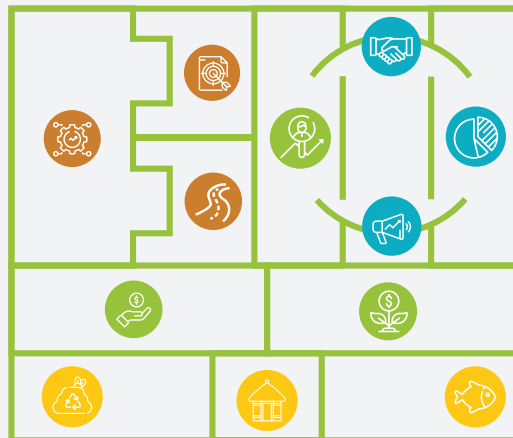
As a first step, entrepreneurs looking to start an ecotourism business must collect the necessary information and have the right people on board. In this preparatory phase, as in all of the business planning process, entrepreneurs should involve the people who will be key to developing the business model, such as business partners, strategic partners, and potential clients. If clients are not yet reachable, other tools can supplement the process (see Brochure #2). Ideally, the information collected will include an analysis of the market demand for bird-based tourism in the country, region, and/or local destination. It is also important to be aware of the tourism opportunities currently available in the region of interest, such as tourist attractions, services, and products, as well as existing competition. Once the stakeholders have been



identified and information has been collected, the planning methodology and tools can be selected. This brochure provides an easy-to-use, flexible tool called the Business Model Canvas that will facilitate the creation of alternative business models for the specific ecotourism business idea being developed.

## Business Model Canvas<sup>4</sup>

To be financially successful, any business initiative must include three basic elements in its business plan: 1) relationships with its customer segments; 2) processes to generate its value; and 3) a financial analysis of its value proposition.



The Business Model Canvas expresses the typical organization's business model in terms of nine modules.



**Customer Segments**

A business addresses one or more customer segments, which are groups of people who share similarities that are relevant to the business.



**Channels**

Value propositions reach customers through communication, distribution, and sales channels.



**Customer Relations**

Relationships with customers are established and maintained independently for the different customer segments.



**Key Activities**

Key activities use the key resources to generate the value proposition.



**Key Resources**

Key resources (features) are the assets needed to attract customers.



**Key Partners**

Some activities are externalized and certain features are acquired outside of the business.



**Income Streams**

Streams of income are generated when customers acquire the value propositions offered.



**Value Proposition**

The basic objective of the business, how it solves customer problems and satisfies customer needs.

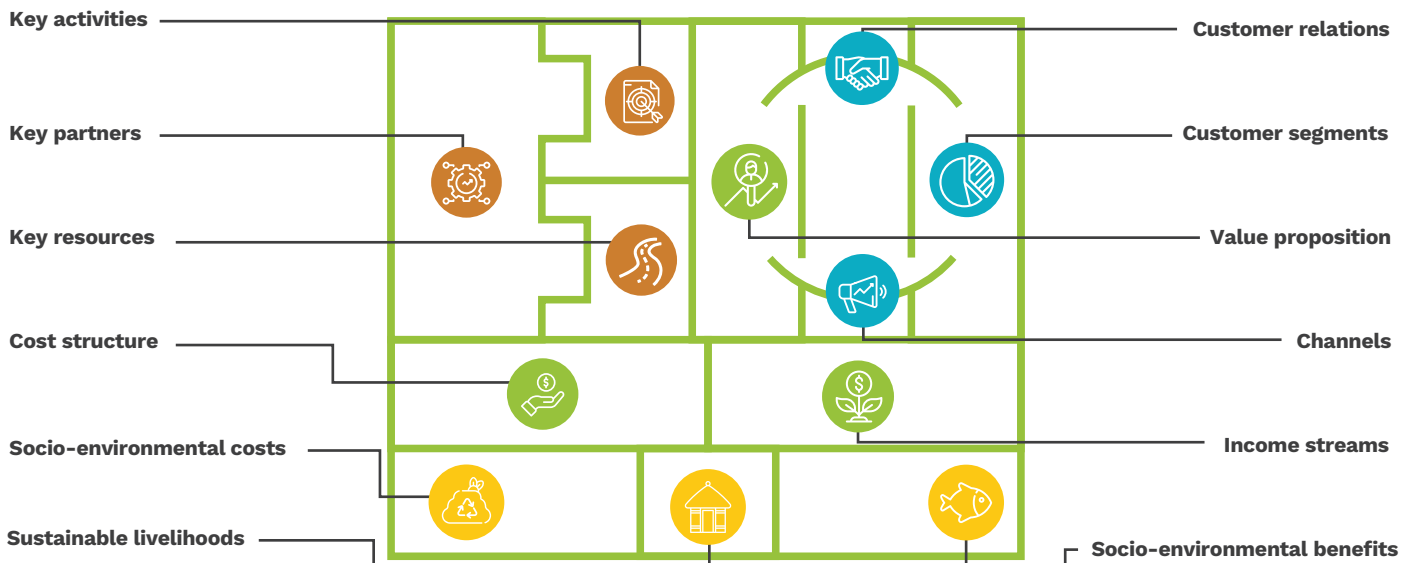


**Cost Structure**

The different expenses of the business make up the cost structure, which can be defined for each element of the business model.

## Applying the Business Model Canvas to Ecotourism

The Mexican consulting firm, La Mano del Mono, adapted the Business Model Canvas for ecotourism projects and initiatives. They added three more modules (sustainable livelihoods, socio-environmental benefits, and socio-environmental costs) to include consideration for environmental and ecotourism concerns:



To better understand and apply the model, a short description of each of the 12 modules and a guiding question for the planning team are given below, using a birdwatching initiative as an example. The Business Model Canvas modules are presented in the order suggested for ecotourism businesses.



### Sustainable Livelihoods

**How does the ecotourism project contribute to other economic activities?** Livelihoods relate to a community's survival skills, resources, and strategies. They include the community's economic activities, such as farming, trade, or fishing, and the seasons when they occur. With proper planning, ecotourism can complement the community's economy.



Link ecotourism experiences with local livelihoods, such as fisheries in coastal communities.



### Customer Segments

**To whom are we selling?** It is very important to identify the type of market that might be interested in an ecotourism product or service. For example, a specialized birdwatcher would have very different interests than a visitor interested in enjoying a natural space where birds are an added attraction (see Brochure #2 for more information).



Birdwatchers require specialized guides.



### Value Proposition

**What do we offer our customer segment?** The value proposition of an ecotourism initiative combines the natural and cultural attractions with appropriate tourism services (quality of guides, transportation, equipment, lodging, etc.) to create an ecotourism product (see Brochure #6 for examples).



Offer spectacular birdwatching and opportunities to take amazing photos.



### Channels

**What sales media do we use? How do we communicate our offering?** Identify the best communication channels for promotion and sales, to reach customers interested in the value proposition of the ecotourism initiative. These channels may vary according to the defined market (see Brochure #2 for ideas on using digital communication tools).



Digital and social media are the main tools for planning a trip.



## Customer Relations

**How do clients expect to maintain their relationships with us?** In this module, the business describes how it will maintain contact with customers after offering the service. This relationship may be through tailored assistance, self-service, automated services, or online communities. For a non-profit and conservation initiative, this relationship can lead to new members and potential donors.

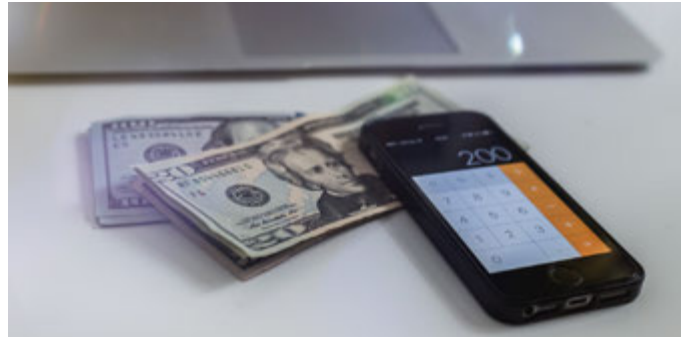


It is important for the tour guide to establish a friendly relationship with the tourist.



## Income Streams

**How do we make money?** Revenue sources can be diverse and include product sales, equipment or facility rental (for example, binoculars or rooms), subscription fees, merchandise licensing, sale of online apps, and even sponsorships.



Income streams are key to ensuring the ecotourism initiative is financially sustainable.



## Socio-environmental Benefits

**What socio-environmental benefits will our ecotourism business generate?** With this module, the expected benefits or positive impacts for the economy and the environment should be described. They can include new local jobs, conservation of a natural area, use of local suppliers, etc. These impacts should also be considered in the key activities and cost structure (see Brochure #7 for help in identifying the benefits).



The arrival of birdwatchers can revitalize local economic activities.



## Key Activities

**What activities are key to generating the desired value?** This module describes the key activities to develop the ecotourism initiative. For example, some key activities may be planning and operating guided tours, training local birding guides, and establishing natural reserves.



Access to appropriate accommodation is important for the tourist's overall experience.



## Key Resources

**What are the key resources (or features) to strengthen our value proposition?** There are many key resources in an ecotourism business. The first two relate to the sustainable use of the destination's natural and cultural heritage. Others are associated with the physical, intellectual, human, and financial resources linked to the activities.



Key resources can be natural phenomena, such as the migration of large numbers of birds.



## Key Partners

**Who will provide key products or services for our business?** Key partners are the people, companies, and organizations who will help deliver the value proposition of the ecotourism initiative. Examples include protected natural area managers, local community representatives, and local merchants and service providers.



Partners who facilitate access to areas not well known to tourists are valuable allies.



## Cost Structure

**How much will it cost to operate this business model?** This module identifies the cost structure (fixed and variable costs) of the selected business model, based on the expected expenses. In ecotourism, particularly in bird-related tourism, targeting small, highly experienced groups as customers will support a high-cost, high-quality product.



Costs must be well calculated to ensure the financial viability of any initiative.















## Socio-environmental Costs

**What socio-environmental costs will our ecotourism business generate?** The potential negative social and/or environmental impacts that could result from the initiative must be identified (for example, path erosion, disturbance of threatened species' habitats, pollution and trash generation). It is important to include mitigation measures in the cost structure (see Brochure #7 for more information on how to identify these impacts).



It is better to row than to use a motorboat when approaching birding spots.

## Business Model Canvas Sample

 <p><b>Key Partners</b></p> <p>a. Tour operators b. Birdwatching clubs c. Accounting firms d. Local businesses offering meals and lodging</p>	 <p><b>Key Activities</b></p> <p>a. Bird monitoring b. Training c. Online advertising d. Agreements with tour operators</p>	 <p><b>Value Proposition</b></p> <p>a. Two-hour boat tour to nesting sites b. Five-day photographic expedition</p>	 <p><b>Customer Relations</b></p> <p>a. Online bulletin b. Facebook page</p>	 <p><b>Customer Segments</b></p> <p>a. Elderly cruise customers b. National birdwatching clubs</p>
 <p><b>Key Resources</b></p> <p>a. Birds b. Mangrove ecosystem c. Local guides</p>			 <p><b>Channels</b></p> <p>a. Tour operators b. Social networks (information in English and Spanish) c. Website d. Online payments, e-transfers or bank deposits to pay for tours</p>	
 <p><b>Cost Structure</b></p> <p>a. Digital advertising services and online presence b. Local guide fees c. Gasoline d. Travel insurance</p>		 <p><b>Income Streams</b></p> <p>a. Sale of tours/expeditions b. Souvenir sales</p>		
 <p><b>Socio-environmental Costs</b></p> <p>a. Solid waste b. Disturbance of nesting zones</p>	 <p><b>Sustainable Livelihoods</b></p> <p>Artisanal fishing</p>	 <p><b>Socio-environmental Benefits</b></p> <p>a. Local guide training b. Bird monitoring project c. Jobs</p>		

## Points to consider when developing the business model

When developing a business model for an ecotourism initiative, it is important to highlight the following points:

- The model developed will have a series of assumptions that will need to be validated to reduce the likelihood of failure.
- Entrepreneurs should consider the available natural and cultural features, as well as the financing capacity.
- Since ecotourism implies that there will be a significant benefit for local communities, they should be involved from the planning stage onward.
- The sustainability aspect should guide all decisions in the business model's design to protect the most important features (for example, the birds or their habitat).
- All possible sources of financing must be identified.

The flexibility of the Business Model Canvas makes it a very powerful, adaptive planning tool that can undergo several iterations before arriving at a final result.

## Ecotourism series

1	Planning an Ecotourism Initiative	2	Marketing Ecotourism for Wildlife and Bird Watching	3	Community and Stakeholder Engagement in Ecotourism	4	Interpretation at Coastal Bird Sites
5	Cultural Values in Ecotourism	6	Birding Festivals as Ecotourism Experiences	7	Monitoring and Evaluation of Ecotourism Initiatives at Coastal Bird Sites	8	Bird-related Ecotourism Case Studies

### About this Work



The Commission for Environmental Cooperation's (CEC) project "Conserving Shorebirds through Community Engagement" aimed to build capacity in communities along North American migration routes to conserve habitat and develop ecotourism linked to bird migration cycles. Bird-related ecotourism can be a significant source of additional income for local economies, and can incentivize communities to sustain conservation efforts. To this end, the project supported the development of education and outreach materials and training to improve knowledge, increase local support and strengthen the capacity of communities to deliver bird-related ecotourism activities such as bird watching, habitat conservation, and celebratory events. For more information visit: [www.cec.org](http://www.cec.org).

#### References

1. US Bureau of Labor Statistics. "Survival of private sector establishments by opening year". <[www.bls.gov/bdm/us\\_age\\_naics\\_00\\_table7.txt](http://www.bls.gov/bdm/us_age_naics_00_table7.txt)>. Accessed 4 December 2019.
2. The Failure Institute. 2014. "Por qué fracasan los negocios?". <<http://thefailureinstitute.com/mexico-infographic/>>. Accessed 4 December 2019.
3. Lopez and Palomino. 2014. "Las empresas comunitarias de turismo naturaleza: factores de éxito y fracaso". <<https://docplayer.es/18869770-Las-empresas-comunitarias-de-turismo-naturaleza-factores-de-exito-y-fracaso.html>>. Accessed 4 December 2019.
4. Adapted by Ecoturismo Genuino from [businessmodelgeneration.com](http://businessmodelgeneration.com)

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