

# **STEPS TO SUCCESS FOR RURAL ENTREPRENEURS: STARTING A RURAL ALASKA LODGE**

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### **Other titles in the *Steps to Success for Rural Entrepreneurs* series**

- Writing Your Small Business Plan
- Starting a Bed and Breakfast
- Starting an Ecotourism Business in Alaska
- Starting a Fish Processing Plant
- Starting a Small Rental Business
- Starting a Small Restaurant
- Starting a Small Engine Repair Shop

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## **INTRODUCTION**

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*Starting a Rural Alaska Lodge* is a practical and easy-to-use guide to opening a lodge business in rural Alaska. One of a series of handbooks developed to start new Alaska entrepreneurs on the road to success, this handbook takes you step-by-step through the process of assessing the feasibility of your business idea and developing a business plan. While this handbook should be useful to anyone opening a lodge in Alaska, it focuses specifically on developing a plan for a lodge in a community off the road system.

This handbook tells you what to consider in the process of establishing your lodge, and how to outline your business plan. By following the steps laid out in this handbook, you can decide whether or not opening a lodge is right for you. For a more detailed explanation of business planning, see the companion handbook *Steps to Success for Rural Entrepreneurs: Writing Your Small Business Plan*.

This handbook helps you to define your business goals and develop your strategy for achieving success. Topics covered include:

- How to determine if this is the right business for you
- What your start-up and supplies needs will be
- How to assess local markets, estimate demand, and attract guests
- What licenses and permits you will need
- How to project your annual revenues, expenses, and break-even point.

## **DEFINITIONS AND BUSINESS PLAN BASICS**

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You may be reading this handbook to learn more about lodge operations and how to write a business plan, or you may simply want to learn more about this type of business. In either case, you should first consider the different types of lodges.

A lodge in rural Alaska typically consists of a cabin or rustic-looking home that provides full accommodations and/or uses several smaller cabins near to the home for lodging guests. Unlike a bed and breakfast, the lodge is not usually the private residence of the owner or manager.

Guests interested in staying in a rural Alaska lodge are more likely to be seeking the “experience” the lodge can provide than simply finding lodging. Lodges often create an experience for their guests around an outdoor theme, providing related activities such as fishing, big game hunting, canoeing, dog mushing, hiking, or wildlife viewing.

Other key aspects of lodge businesses include:

- Incorporating many amenities into the lodge (e.g. television, meals, guided activities, internet access, sauna and/or hot tub), in addition to providing guests with overnight accommodation
- Catering to target groups such as fishers, hunters, or organizations looking for a retreat venue
- Establishing a destination in rural areas or off the road system that provides a retreat or “get away from it all” experience
- Setting room rates according to the activities and other amenities provided.

## What types of lodges are found in rural Alaska?

Lodges are often larger than bed and breakfasts but smaller than most hotels. A lodge stay can be combined with the purchase of a packaged experience. People who visit lodges often do so with the intent of participating in activities, learning something new, and experiencing a unique place.

There are several types of lodge in Alaska. The type you develop will depend on your particular circumstances. The more amenities your lodge offers, the more expensive it will be to run. However, more amenities increase your ability to make a profit.

- **Basic Lodge:** As the name implies, a basic lodge offers guests fewer amenities than other lodges. This type of lodge would probably work best in a well-developed, high-visitor demand area that offers a variety of activities. Amenities could be as basic as a cabin with attached bathroom that guests share. The average cost of a room in a basic lodge is less than at other types of lodges.
- **Outdoor Adventure:** This type of lodge offers guests the opportunity to participate in a variety of outdoor activities, especially ones unique to Alaska. These lodges are defined by the kayaking, canoeing, hiking, rafting, snowmobiling, or ATV touring that the lodge offers.
- **All-Inclusive Hunting and Fishing:** These lodges take visitors on guided hunting and/or fishing trips or provide them with the information and equipment to do so on their own. In Alaska, there is a high demand for this type of lodge, and many already exist.
- **Sightseeing:** These lodges leverage a major wild or scenic attraction, such as Denali (Mt. McKinley), the coastal fjords, and the rich Alaska wildlife (e.g. birding or whale-watching). You could focus on one attraction and target that visitor market or, if the opportunity for multiple activities exists in your location, you could offer your guests something different to do or see each day.

- **Cultural:** A cultural lodge often focuses on Native Alaskan culture but might also offer activities such as berry picking or culturally-related arts and crafts.
- **Romantic Getaway:** Many couples on honeymoon or celebrating their anniversary choose to visit Alaska. Likewise, many local Alaskans are looking for a special in-state getaway experience. A lodge might cater to this market by offering romantic packages that include candlelit dinners, a selection of fine wines, heart-shaped chocolates, and a private hot tub.
- **Health:** This type of lodge promotes a healthy lifestyle and stress reduction. The food served is usually home-grown and organic, and caters to a vegetarian or vegan diet. You could instruct your guests in yoga or provide them with massages. They could also go on nature walks. While some lodges of this type exist in Alaska, it is not a heavily marketed type of lodge.

There are more than 150 lodges in Alaska. Almost all are located in southcentral, southeastern, and southwestern Alaska, because the majority of visitors to Alaska stay in the southern part of the state. Around half of them are dedicated to hunting and fishing, because the Alaskan hunting and fishing experience is considered unique.

Many lodges in Alaska operate seasonally, between mid-April to May and late fall to December, following the demand pattern of visitors to that particular community. Some lodge owners in rural Alaska who have tried to stay open year-round have found that the level of visitor demand does not cover winter operational costs. Other lodges have had the opposite experience. This is something you will need to decide for your own lodge, based on the cost of operations and the number of winter guests you project.

## **What is a business plan and why do I need one for my lodge?**

A business plan is a tool for thinking through the many aspects of starting up and running a lodge. Writing your business plan helps you define why you are starting a lodge and keeps you focused as you go into operation.

Developing a business plan:

- Takes you methodically through various elements of the business
- Helps you decide if a lodge is worth your time and financial investment
- Identifies alternatives and strategies for achieving success, improving your probability of success.

This handbook walks you through the steps of preparing to write your business plan:

1. Conducting a personal assessment
2. Developing your lodge concept
3. Understanding regulatory requirements
4. Assessing your market and conducting research
5. Developing your marketing and customer service plan
6. Developing your organizational plan
7. Developing your financial plan.



## STEP 1 – CONDUCTING YOUR PERSONAL ASSESSMENT

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A good lodge proprietor has several qualities. You need to be social and outgoing. You should be willing to answer guests' questions and able to escort or guide them on planned activities. You must also manage guest bookings and lodge supplies efficiently. Good organization ensures your guests will have a well-planned and positive experience. Answering the questions below will help you define your personal goals and understand your reasons for starting a lodge business.

Before writing a business plan, you need to know what your goals are, what skills you bring to a lodge business, and what resources are readily available. It's important to understand your reason for starting your own business, because this affects the decisions you will make. It's also important to define what success means to you, so you know when you have achieved your business vision.

Here are some reasons you might start a lodge business:

- **To make money.** You may think owning a lodge will make you wealthy. However, while it is possible to make money with a lodge operation, profit requires a long and steady commitment. Lodges usually don't make their owners money until they are firmly established. In rural Alaska, this can take at least five but, more often, eight to 10 years.
- **To live a certain lifestyle.** You may choose to start a lodge because you want to live in rural Alaska. Doing the types of things a lodge owner does is what you love to do, and compatible with a lifestyle you enjoy (tourism, recreation, sharing with others, etc.).
- **To help your community.** You may already live in a rural community and believe a lodge would provide guests a place to stay and local residents a means of employment. Your definition of leading a fulfilling life is giving back to the community or passing on skills and mentoring the next generation.



### Is starting your own lodge right for you?

Starting a lodge is not for everyone. First give some thought to whether or not this is the right path for you.

- **Are you passionate about your idea?** Do you have the drive and ambition to make owning your own lodge a reality?

- **Are you willing to take calculated risks?** Are you able to look at your mistakes as learning experiences – not failure, but feedback?
- **Are you able to work hard for long hours?** Starting and running a lodge is not a 40-hour-a-week job with regular hours. You'll be out selling your lodge and taking care of paperwork during the off-season. While you are establishing your lodge, you may not get any time off or even draw a regular salary.
- **Are you self-confident?** Do you have prior lodge management or lodge-related experience? Confidence and experience help you to weather the difficult times and overcome mistakes you will make. Experience – both good and bad – is what makes you a better business person.
- **Do you have self-discipline?** Can you make decisions and act on them quickly? Are you able to stay on top of the critical details?
- **Is stability important to you?** If you need a steady paycheck, insurance, etc., you might be better off working in somebody else's lodge.

## Are you ready to run a successful lodge?

To help you decide whether or not this line of business is the right fit for you, consider the following statements as they apply to you and circle Yes or No:

I'm a self-starter.	Y	N
I can make good decisions quickly.	Y	N
I have experience with lodge operations.	Y	N
I enjoy working in a lodge business.	Y	N
I'm willing to sacrifice a steady income to establish my lodge.	Y	N
I'm ready for a year-round commitment to owning a lodge.	Y	N
I can get along with different personalities.	Y	N
I'm prepared to work 12 hours a day, 6 or 7 days a week.	Y	N
I enjoy taking charge.	Y	N
I can find people with the skills I don't have.	Y	N
I'm strongly motivated to run my own lodge.	Y	N
I'm patient.	Y	N
I'm confident in my ability to succeed.	Y	N
I have good organizational skills.	Y	N
I'm independent, creative, innovative, and competitive.	Y	N

If the majority of your responses were 'yes,' you probably have what it takes to run your own lodge. Even then, there is no guarantee your lodge will succeed. But the more you plan and the harder you work, the greater your chance of success.

## What skills do you have and what will you need help with?

One of the key success factors of lodge ownership is having the right business team. Good management skills are critical. Consider whether you know how to do the following tasks, need some training, or need somebody else to do them for you:

- *General* – Manage your time; hire, supervise, and train employees; delegate tasks; build and motivate a team; make appropriate changes to keep the lodge successful.
- *Operational* – Buy and manage inventory; schedule work; negotiate agreements or contracts; comply with regulations governing employees and other aspects of lodge ownership.
- *Market* – Price, promote and advertise your lodge to ensure sufficient sales; address customer service needs.
- *Financial* – Set up and keep records; develop operating budgets; compile financial statements; project and monitor cash flow; prepare a loan proposal; analyze financial performance; comply with payroll and tax requirements.

Going through the above exercise will not only prepare you to write sections of your business plan but will also assist you in determining in which areas you need to seek employee or professional support for your lodge.



### Why do you want to start a lodge?

It is important to understand why you want to start up a lodge. Answering the following questions should help you make an informed decision. Having your reasons written down can also remind you on particularly hard day why you entered the business.

1. *What is your personal reason or goal for starting a lodge? Does this goal mesh with your personal and family goals, both short-term and long-term?*
  
2. *What is your definition of success for your lodge?*



Good responses to the question why you want to run a lodge include:

- Love of entertaining and providing for others
- Experience or background in the hotel/lodging/hospitality industry
- History of managing small businesses

Ideally, you will have previous experience working in a lodge. If not, you should visit several lodges prior to opening your own or find a job in a lodge for a season or two. If you don't, you might find out after you open your lodge that it is not the right business for you, which could be a costly mistake. If you do visit or work in other lodges, be sure to take notes on what you like and dislike about the operation, so you can incorporate what you liked into your own lodge and improve on what you didn't like, enhancing the experience for your guests. Make contacts with other lodge owners too, and interview them about what it took to make their businesses successful and what to expect.



## STEP 2 – DEVELOPING YOUR LODGE CONCEPT

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In this step you will develop and describe your unique lodge concept. Your business concept should be compatible with your local community, and also distinguish what you offer from what competitors offer.

Your lodge concept explains how you conduct business to provide a unique and positive experience to your guests. Write out as full a description as you can, explaining the unique aspects of your lodge. You can use this information in marketing materials to differentiate your lodge from others. Describe intangible aspects such as charm, ambiance, quaintness, and atmosphere in concrete terms. What is it that contributes to the charm of your lodge experience? Why would a guest like the atmosphere? In other words, explain why a guest would refer someone else to your lodge.

Key aspects of what you are selling include your location, facilities, guest amenities, and guest expectations.

### ***Location***

It is critical to evaluate your location and its ability to support a profitable lodge. If there are few visitors who want to stay overnight, then opening a lodge will require extensive marketing. If you can't wait while you develop a market, it will be difficult to make a profit. If your area already has several established and popular roadhouses, bed and breakfasts, and lodges, you may not be able to get a cut of the business for yourself, unless you have some edge over your competitors.

Use the location evaluation worksheets on pages 52 to 56 to list natural, recreational, cultural, and historical features that might draw visitors to your community. These worksheets, and the following location evaluation questions, will help you to assess what your location has to offer and to identify the existing competition.



*What is the population of your community?* \_\_\_\_\_

If you live in a very small village, it could be difficult to open a lodge, because there might not be enough local residents who are interested in working at your lodge.

*Are you located on the road system?* \_\_\_\_\_

The less accessible your community is, the more expensive it will be for visitors to come to your lodge. Potential guests might choose to visit somewhere more easily reached.

That said, many visitors who like the idea of visiting a remote area can afford to do so. These customers are likely to be experienced travelers and bring high expectations. If your lodge is located on the road system, your customers may or may not be world travelers. Road accessible lodges tend, as a general rule, to have lower daily rates but are able to attract a great number of guests.

*How close is your lodge to the nearest commercial center, tourist destination, and large urban area?*

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Although it is possible to operate a successful lodge far from major tourist destinations, it will be more difficult – unless you are close to wildlife, scenic beauty, or fishing and hunting opportunities.

*Is your community a popular visitor destination?* \_\_\_\_\_

What is available in your community or local area to attract visitors? (Refer to your location evaluation worksheets.)

- Wildlife viewing \_\_\_\_\_  
\_\_\_\_\_
- Fishing \_\_\_\_\_  
\_\_\_\_\_
- Hunting \_\_\_\_\_  
\_\_\_\_\_
- Boating \_\_\_\_\_  
\_\_\_\_\_
- Shopping \_\_\_\_\_  
\_\_\_\_\_
- Restaurants \_\_\_\_\_  
\_\_\_\_\_

- Scenery \_\_\_\_\_  
\_\_\_\_\_
- Eco-tourism \_\_\_\_\_  
\_\_\_\_\_
- Cultural attractions \_\_\_\_\_  
\_\_\_\_\_
- Historical attractions \_\_\_\_\_  
\_\_\_\_\_
- Skiing \_\_\_\_\_  
\_\_\_\_\_
- Fairs, festivals, and other special events \_\_\_\_\_  
\_\_\_\_\_
- Other \_\_\_\_\_

*What other lodging facilities exist in your area?*

Identifying what other accommodations exist in your community or local area should help you narrow down what type of lodge you want to open.

- Hotels \_\_\_\_\_  
\_\_\_\_\_
- Motels \_\_\_\_\_  
\_\_\_\_\_
- Roadhouses \_\_\_\_\_  
\_\_\_\_\_

- Bed & Breakfasts \_\_\_\_\_  
\_\_\_\_\_
- Hostels \_\_\_\_\_  
\_\_\_\_\_
- Lodges \_\_\_\_\_  
\_\_\_\_\_

It will be difficult to win customers away from nearby competitors, if they exist. If there is no other accommodation offered in your community or area, it could mean that not much demand exists. Find out if anyone has ever tried offering accommodations and, if so, why they are no longer available. Spend some time really trying to understand the visitor traffic already coming to your community or area and what they do or don't want in the way of lodging. If your lodge is interesting enough, and you can afford to develop the business slowly, you might be able to increase your number of customers.

*How long does the average visitor stay in your community?* \_\_\_\_\_

*Does your community have any special taxes or restrictions on lodges?*

Yes \_\_\_ No \_\_\_ Don't know \_\_\_

This is obviously something important to learn and will be covered in greater detail later in this handbook. You should ask your local government officials or a lawyer to find out if there are any restrictions you need to follow for your community or area.

*Does your community experience seasonal influxes of visitors?*

Yes \_\_\_ No \_\_\_ Don't know \_\_\_

If it does, you might consider opening your lodge only during certain times of the year, when there are more visitors than usual.

*Are your typical visitors:*

- Government contractors? Yes \_\_\_ No \_\_\_ Don't know \_\_\_
- Tourists? Yes \_\_\_ No \_\_\_ Don't know \_\_\_

- Locals seeking services?      Yes \_\_\_      No \_\_\_      Don't know \_\_\_
- Industry Workers?              Yes \_\_\_      No \_\_\_      Don't know \_\_\_

If most people travel to your area for work rather than vacation, then a lodge might not be as successful as a lodging providing only basic accommodations. Considering the following facility, amenity, and operational aspects of a lodge should help you to further define your business concept.

### ***Facilities***

As you develop your lodge concept, you need to evaluate your facilities and their suitability for use as a lodge. Your guests will expect a private bedroom and bathroom. At a lodge, they typically expect amenities that enhance relaxation and socializing. Common lodge amenities include a shared-use dining area, library, or sitting room, and a living area with a large fireplace. Any shared-use areas should be large enough to seat all your guests and even the lodge manager and employees at one time.

The bedrooms should be clean, neat, and comfortable. The bathrooms should be extremely clean and well-ventilated. Fresh towels should always be available, along with a supply of toilet tissue and soap. The bathroom should also have a wastepaper basket, soap dish, drinking glasses, and electric outlet provided. (All of this assumes you have running water and septic systems – regardless of infrastructure, basic needs should be met.) You should plan for a private office area to do paperwork and perhaps a registration desk close to the entrance of the lodge. There should also be adequate space for equipment, supplies, and linens. If possible, provide lodge staff with separate living quarters, entryways, and bathroom facilities. While a separate area is not necessary, it does make it easier to keep the main lodge area or guest facilities clean.

Another aspect of the lodge to consider is parking. Although this is not so important in rural Alaskan communities, you should provide and maintain enough off-street parking spaces for guests.

Do not overlook the water and sewage capacity of the lodge. As a rule of thumb, one person uses 50 to 65 gallons of water a day. Your sewage system should be able to accommodate the estimated usage and demands of both visitors and lodge staff.

### ***Kitchen/Dining Area***

Your location, your type of lodge, and the services you choose to provide will dictate the scale of the kitchen and dining area you need to develop. If you are developing a full-service remote rural lodge, you will need to plan for a full-service commercial kitchen.

If you are developing a lodge on the road system or within a larger community that offers food service options, you may choose to serve breakfast only, and the scale of your kitchen and dining area could be smaller. If offering two or more daily meals to the public or to lodge guests, there will be a need for a complete service kitchen with at least the following and possibly more, depending on what you serve:

- Ventilation system
- A prep and steam table
- Heat lamp
- Utensil rack
- Roll warmer
- Fryer
- Griddle top range with an oven
- Refrigerator/freezer
- Dishwasher
- Three-compartment sink
- Microwave oven
- Dry storage shelving
- Coffee-making equipment
- Garbage disposal
- Sink-sprayer unit
- Toaster
- Other kitchen appliances as needed.

For a small lodge offering only a simple breakfast, there are very basic needs. There is much less to consider and plan for in regards to start-up cost for this type of operation.

- Large refrigerator/freezer
- Dishwasher
- Sink
- Microwave oven
- Dry storage shelving
- Coffee-making equipment
- Garbage disposal
- Toaster
- Pot, pans, and other dishware

### ***Remodeling***

If you are refurbishing an existing lodge or turning a large home into a lodge, you may need to make a few additions. Additions can range from replacing a flimsy railing to attaching a new bathroom to your existing bedrooms. Remodeling might also mean repainting, replacing carpet, or installing new light fixtures. Review your building(s) thoroughly and decide what changes should be made to meet the needs of your intended guests.

If you are purchasing an existing lodge, you may want to make a complete list of all items requiring repair or update. If you are constructing a new building, you will want a functional, yet aesthetically pleasing, design and layout.

### ***Guest Amenities***

A lodge should be attractive, warm, and inviting. You may want to adopt a theme for each room or even the entire lodge, based on color scheme or the type of art displayed.

If you are targeting tourists, consider wildlife photography and an “Alaskan lodge” atmosphere. If you are focusing on one-night stays, you may just want to concentrate on a warm and cozy ambience.

Include special touches, such as a variety of books and current general interest magazines, local sightseeing guides, and a well-tended plant or a vase of fresh flowers. Provide an alarm clock or offer a wake-up service. If possible, consider setting up a computer with Internet access for guest use. Use the Furniture Checklist on page 57 to plan the furnishing needs of your lodge.



### ***Guest Expectations***

It is important to establish clear expectations for guests from your first contact with them. When guests know what to expect and what is expected of them, they have a better experience. If your guests have clear expectations, they are less likely to become upset unnecessarily. Prior to opening your lodge, you should decide the following:

- **Operating hours:** A lodge operates 24 hours a day while guests are present. If you are going to have officially “closed” hours or times when guests are on their own, communicate this information clearly to guests.
- **Meal times:** Post breakfast, lunch, and dinner (if served) hours. Is breakfast available during a limited time frame or will you provide breakfast at any hour? Will you provide a sack lunch only? When will you serve dinner? Will you make any snacks available to guests?
- **Payment:** When will you expect payment for services? Many lodges collect the majority of guest fees prior to arrival to ensure that payment is made.
- **Types of payments accepted:** Will you accept credit cards, checks, and/or cash as payment? Will you accept out-of-state checks?
- **Hospitality:** How will you create a hospitable environment? This is key to a successful guest business.



### ***Lodge Rules and Polices***

When setting lodge rules, remember you will need to live by what you request of others. Focus on those things you feel strongly about or are important for you to run your business. Communicate the rules in a positive manner and provide information on any unusual rules upfront when guests make their reservations.

Include the rules on your web site and in marketing materials, so guests can be fully informed. Post the rules at the front reception area and in guest rooms.

Setting lodge rules is an important step in preparing to open your lodge. You may want to consider the following:

- Will you allow children?
- Will you allow alcohol for social drinking?
- Will smoking be permitted?
- Will you set an evening curfew or quiet hours?
- Will you set specific check-in and check-out times?
- Will you have specific requirements for reservations and cancellations?
- Will you allow guests to use the kitchen or laundry facilities on their own?
- Will guests have full use of the lodge and grounds?
- Will you provide transportation around the community?
- Will you allow pets?

You must decide what services you will provide and which rules you will set. Some lodges go out of their way to provide a comfortable, first-class experience. Others offer the “extra mile” services that increase guest satisfaction, such as airport pick-up, making special meals, catering to every guest need, and even providing laundry service. You might consider offering these services and charging your guests accordingly.

## **Should you provide meals?**

Lodges can provide their guests with food. Whether you do or not at your lodge will depend partly on the expense, and partly on what else is available in your community. If your lodge is located in a town such as Ketchikan, which hosts a large number of visitors every year and has a structure set up to provide for them, your lodge may not need to provide full food service. However, if your lodge is located in rural Alaska, and your village has no restaurants, it might be a good idea for you to provide three meals a day for your guests.

If your lodge has activities which take your guests away from the lodge all day – as with an outdoor adventure or hunting/fishing lodge – you should provide them with a lunch they can carry with them.

Hunting and fishing lodges can provide guests the opportunity to eat food they’ve caught themselves or at least similar to what they have been hunting.

If you do decide to serve food, make sure you ask your guests about any allergies they might have, whether they are vegetarians, and if they have any dietary restrictions.

If you serve three complete meals a day, it will be expensive to equip a kitchen properly. However, you will be able to recoup the extra costs from the increased rates you can charge guests and perhaps from local residents who may pay to eat at your lodge.

Only a limited food license is needed if your food service consists of no more than beverages and purchased rolls and pastries. If you keep your food service to a prepared meal for 10 or fewer guests, then household kitchen equipment is allowed with the restaurant license. Otherwise, restaurant regulations apply. Chapter 31 of the Alaska Administrative Code (AAC) deals with the operations and permit requirements for a lodge that serves food to the general public. For a complete copy, see Title 18 at <http://www.legis.state.ak.us/cgi-bin/folioisa.dll/aac/>.

If you decide not to serve food at your lodge, make sure there is somewhere nearby where guests can easily obtain food for themselves. It would be a good idea to at least have a vending machine or a basket of muffins in a common area, so your guests always have something to nibble on.



## **STEP 3 – UNDERSTANDING REGULATORY REQUIREMENTS**

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The next important question to address is “What regulations do I need to comply with?” If you have no previous experience in the hospitality industry, you are unlikely to know the legal, health, and safety requirements. It is important to take the necessary time to research and understand how this industry is organized. This step introduces you to the regulatory requirements for starting a lodge.

There are certain precautions you should take to guarantee the satisfaction of your customers and to limit liability issues. It is highly recommended that you seek professional support (e.g. attorney, accountant, architect, engineer) prior to opening your lodge. Investing extra money at the outset of your lodge operation can save you much more money later on. Without the guidance of a professional, you are vulnerable to lawsuits – and even closure, if you do not adhere to local codes.

Depending on the type of lodge you plan to operate, you may need to comply with health and safety regulations and/or permits, including:

- Food service permits
- Fire and safety requirements – (plan review by state fire marshal or municipality)
- Alaska Administrative Code – 18 AAC 30.400
- Pool and spa regulations
- American with Disabilities Act (federal)

Lodge businesses, in many cases, face the same rigorous guidelines and regulations that restaurants must comply with, because they typically offer full-food service. Additionally, there are other health and safety codes that must be considered. There are also precautions that should be taken to guarantee customer satisfaction and limit liability issues. The following is a basic overview, but you are ultimately responsible for ensuring that you fully research and know what regulations and permits apply to your particular situation.

### ***Health Standards***

You must consider general health and safety standards. A preliminary site investigation conducted by the health inspector (state fire marshal) could be requested and followed by a final inspection and license application. An approved water supply and sewage disposal system is required. The greatest concern is that your water supply meets the purity standards for bacteria and nitrates. Any existing septic tank and drain field must be adequately sized to handle lodge use at full capacity. Some other examples of health

standards are: facility cleanliness, including floors, walls, and ceilings; no sleeping accommodations in areas where food is stored, prepared, or served; changing and laundering bed linens after each guest; and various other health related regulations.

### ***Food Service Requirements***

First, you must determine if you need a food service permit. If the lodge has 12 guest rooms or less, accommodates 24 or fewer guests per night, and serves only a complimentary continental or cook-and-serve breakfast, you may not need a food service permit.

- Cook-and-serve breakfast includes those foods prepared immediately before they are served to the customer (hot cereal, bacon and eggs, fresh made bakery products, and quiche).
- Continental breakfast includes ready-to-eat commercial products like pastries, cold cereal, dairy products, juice, hot beverages, and cut fruit.

The entire state of Alaska, except for the Municipality of Anchorage, comes under the jurisdiction of the Alaska Department of Environmental Conservation (DEC), Division of Environmental Health/Food Safety and Sanitation Program. Chapter 31 of the Alaska Administrative Code (AAC) deals with the operations and permit requirements for a lodge that serves food to the general public. For additional information, visit the DEC website at <http://dec.state.ak.us/eh/fss/>.

Specific food service requirements include the use of either an automatic dishwasher in which the plate temperature reaches 160 °F during a full cycle, or hand washing in a three compartment sink using approved chemical sanitizers and air drying.

You must observe safe food handling practices and obtain all your food from an approved source. You cannot use locally harvested products you have canned or frozen yourself in food preparation. A lodge should serve food manufactured, produced, prepared, packaged, stored, transported, and served according to the stringent EPA and FDA regulations, so as to be pure and free from contamination, adulteration, and spoilage.

To prevent food contamination, food handlers should wash their hands and arms with cleansers and warm water before coming into contact with food, immediately after using restroom facilities, and as otherwise necessary. All employees should wear suitable coverings to confine hair (including facial) when preparing food to prevent the contamination of food or utensils. No workers should use tobacco in any form in any area where food is prepared, served, or stored or where utensils are cleaned or stored. No live animals should be allowed into the area of food storage, preparation, or serving.

### ***Commercial Recreation on State Lands***

If your lodge offers any commercial tours or activities (in addition to lodging) on state land, you will need to register and/or obtain a commercial recreation permit with the Alaska Department of Natural Resources (<http://www.dnr.state.ak.us>).

### ***Fire Safety***

Fire code for a lodge is very similar to proper home fire safety. Every room should have a working fire alarm and working carbon monoxide detector, large objects should not block exits from the building, and fire extinguishers should be available and accessible at several convenient and visible locations. Sleeping rooms should also have an escape window. For more information on fire safety regulations, see the Alaska Department of Public Safety, Division of Fire and Life Safety website (<http://www.dps.state.ak.us/fire/>).

Fire code requirements differ depending upon the size of the business. They specify the number and type of exits for sleeping rooms, smoke detectors, and fire alarms. The fire codes identify types of unsafe conditions as well.

You also need to address other basic safety issues. Sidewalks, walkways, and entrances should be in good repair. Electrical service and wiring should be up-to-date. Exterior and interior stairs should be safe with appropriate lighting. Carpeting should be secure with no scatter rugs or loose edges creating hazards. All interior plumbing should be in good working order, and shared baths should have provisions for night lighting.

Anyone operating a lodge in Alaska must comply with state of Alaska and local building codes. The Alaska State Fire Marshal requires that the installation or change of fuel tanks and all construction, repair, remodeling, additions, or change of occupancy of any building or structure be approved prior to any work beginning.

### ***Zoning Requirements***

Zoning classifications for a lodge vary from community to community. In some cases, a lodge is classified as a commercial business, and a zoning exemption must be obtained to have a lodge in an area zoned residential. Make sure you know what zoning restrictions apply to your community, and take steps to address them immediately.

### ***Building Codes***

You might make a lodge from a preexisting building(s), or you might build a lodge from the ground up. In either case, you must ensure the structure meets building codes. The larger the rooms, the more you can charge customers but, unless you already have a building, the more it will cost to build. Guests prefer not to share a bathroom with other guests, and you can increase your rates per room if each room has its own bathroom.

There are certain rules that must be followed about handicap accessibility. Any building constructed after 1993 must follow all Americans with Disabilities Act (ADA) requirements. Buildings constructed before 1993 should attempt to follow ADA guidelines and will receive tax credit if they do so. In effect, the ADA states that buildings that serve the public must be accessible to the handicapped. Architectural barriers must be removed, handicapped parking must be provided, and there must be an entrance with a ramp and lever handle. For more information on the ADA, visit <http://www.usdoj.gov/crt/ada/adahom1.htm> or call 800-514-0301.

When first considering the purchase of a property or even prior to pursuing a remodel for an existing property, it is always a good idea to seek professional advice from an architect or building contractor experienced with state and local building codes.

### ***Insurance Requirements***

The state of Alaska does not have specific insurance requirements for a lodge. You should confer with your independent insurance carrier for recommendations and to negotiate coverage. You should ensure that your carrier has experience insuring hospitality businesses, and is skilled in determining appropriate liability limit and other coverage needs.

The two major types of insurance commonly purchased are property and casualty (also known as property and liability) and life and health. Property and liability are the most important and expensive for a business. Property coverage includes insurance on your buildings and other property in the case of fire, theft, and other losses. Liability insurance protects you against claims of injury or property loss resulting from negligence. The law requires some types of coverage, and acquiring other types simply makes good business sense. Life and health insurance is generally part of an employee benefit package.

The amount of insurance needed will depend upon the size of the operation. To determine your specific insurance needs, contact your insurance agent or an agent with hospitality experience. Be prepared to address the following questions:

- How many rooms you will rent, and how many people will you rent to?
- Will you be transporting guests?
- Will you be serving guests food?
- What is the square footage of your lodge and the average ceiling heights?
- When did you last upgrade your heating system, roof, plumbing, and wiring?
- What is the estimated replacement cost of all contents – business and personal?

### ***Reporting Requirements***

A lodge owner needs to keep good accounting records. This is important for IRS and borough or community tax requirements, as well as for planning and management of your lodge. A lodge owner or manager is required to keep records for at least three years that show the true name and residence of each person occupying a room, so it is critical to have an up-to-date guest register. Some communities charge a transient occupancy tax. Contact your city offices to find out if a local occupancy tax exists.

### ***Income Taxes***

Consult a qualified accountant to find out the tax requirements for your business. An accountant will tell you:

- What forms you need to file
- How certain items can depreciate
- What deductions you may take
- What taxes you will have to pay
- What records you need to keep.

### ***Business License***

A lodge must have an annual State of Alaska business license. This costs \$100 a year and is obtained from the Department of Commerce, Community and Economic Development (DCCED). For more information, call 907-269-8173 (Anchorage office) or 907-465-2550 (Juneau office). Applications are also available online at [www.businesslicense.alaska.gov](http://www.businesslicense.alaska.gov). You will need to provide your name and address along with the name of the business and the appropriate NAICS business code. The entire list is available on the website, along with guidance for choosing your code.

If you are operating more than one line of business – for instance, big game guiding as well as lodging – you will likely need more than one business license and maybe even a professional license. Some villages and communities require a separate business license, so be sure to find out if this applies to your lodge.



## STEP 4 – CONDUCTING MARKET ASSESSMENT AND RESEARCH

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The type of lodge you plan to develop will largely determine the market you will target. The first step in assessing your market is to determine how many potential customers are already traveling to your region. You will likely find out that the market size is relatively small, and that people already traveling to your region already have a relationship with another lodging facility. Market assessment and research is about understanding your primary target market and any secondary markets, knowing whom to attract, and identifying ways to communicate with your market.

In conducting your market assessment and research, your goal is to better understand your potential customers. This step helps you answer key questions, such as:

- What potential visitors are already coming to your region and/or community?
- Why are these visitors traveling to your region and/or community?
- What amenities, services, and price sensitivity do these visitors have?
- Who is your typical visitor (age, sex, education, income, occupation, etc.)?
- How does your lodge compare to the competition?

### ***Who are your potential customers?***

This answer will vary greatly, depending on your lodge location. A lodge in a southeast Alaska rural community is going to have a much different client base than a lodge in a more northern and isolated community.

Location and existing market demand are the most important factors in determining your lodge market. Existing visitors travel for many reasons, including business, change of scenery, recreational activities, sports, cultural events, or historical sites. The majority of the markets in villages are business-related, such as construction workers, education-related travelers, government agencies, service workers, and geological and social surveyors. Most of these visitors will not stay at a lodge.

If your lodge is located at the entrance of a national park or close to some other scenic attraction that offers the opportunity for exploration, rafting, hiking, fishing, and hunting, there should be a profitable market from both out-of-state and in-state visitors. In these situations, however, there is like to be more competition than in an isolated area.

The type of lodge you open will determine who your prospective customers might be.

- **Hunting/fishing lodges** attract mostly older (50+) males. With the proper marketing, they can also attract families. These customers often have more disposable income, and will have planned for several months in advance.
- **Cultural, health, and sightseeing lodges** attract people of both genders. Most customers are likely to be older and with more money to pay for indulgences.
- Guests at an **outdoor adventure lodge**, on the other hand, are often between 20 and 40, with less disposable income. These visitors will likely want fewer amenities, if it means a lower room rate. A basic lodge would be attractive mostly for its price, and would appeal to a range of customers.

### ***Seasonality of Market***

Market demand for lodge services in Alaska tends to be seasonal. Generally, visitor activity is greater in the summer, when some communities are more accessible and weather conditions are more pleasant. In general, Alaska's tourism industry has been strongest during the summer months (between May 15 and September 15). According to some visitor industry experts, there is an untapped winter tourism market. For now, however, the majority of lodges operate during the summer months. This is an important consideration when estimating annual cash flow patterns.

### ***Statewide Visitation & Trends***<sup>1</sup>

Alaska has experienced steady growth in visitors since the 1980s, other than a slight decline immediately after the September 11, 2001 terrorist attacks. Since 2001, the number of summer visitors to Alaska has increased, with a slight (500 people) drop between 2005 and 2006. In 2006, 1.63 million visitors came to Alaska in the summer. Of the 1.63 million visitors, 82 percent were visiting for vacation/pleasure, 9 percent were visiting friends or family, and 5 percent were visiting on business. The good news for a rural operator is that visitors to Alaska often decide to return for a rural Alaska experience on their second visit.

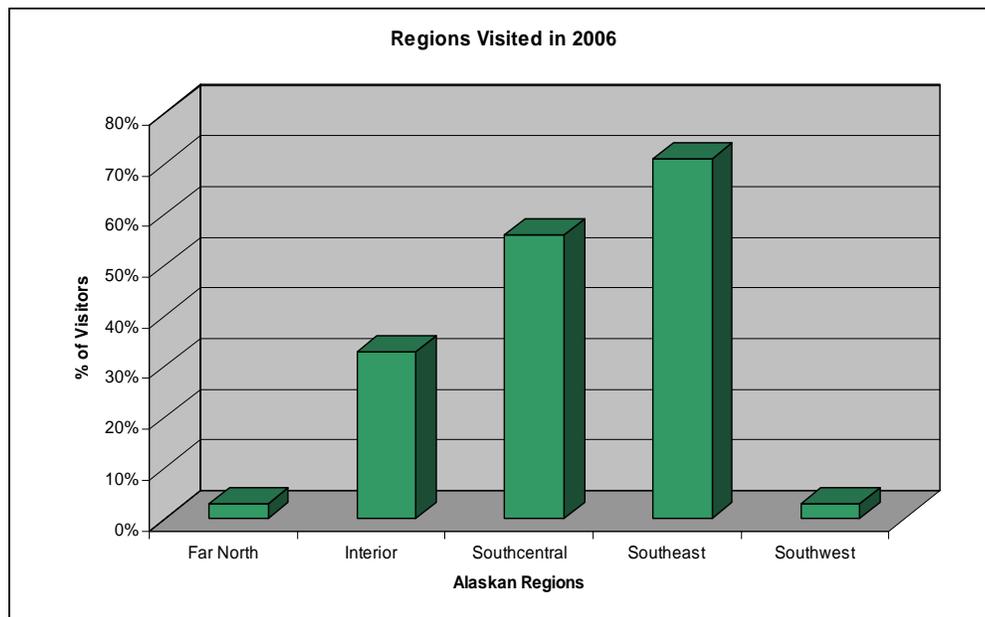
The demographics of the typical Alaska visitor provide interesting and useful information. The typical visitor to Alaska:

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<sup>1</sup> Alaska Visitor Statistics Program, Alaska Office of Economic Development,  
Website is: <http://www.commerce.state.ak.us/oed/toubus/research.htm>

- Is 51.6 years old
- Spends \$934 per visit
- Stays 9.1 days
- Is well-educated
- Comes from all over the world, with the highest concentrations from the lower 48, Canada, and the United Kingdom
- Has made a previous trip to Alaska (34 percent).

The graph below shows the percentage of tourists visiting each region of Alaska in 2006. (Because many people visit more than one region, the percentages add up to more than 100.)



The top ten most visited towns in the summer of 2006 in the state of Alaska were:

- Juneau
- Ketchikan
- Skagway
- Anchorage
- Denali
- Glacier Bay/Gustavus
- Fairbanks
- Seward
- Sitka
- Whittier

Trends over the last several years are a slight increase in the average age of visitors, and an increase in the number visiting by cruise ship. As more people visit by cruise ship, the percentage of visitors entering the state for leisure and vacation has also increased.



*How will your lodge be affected by current industry trends and the local economy?*

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*Is your community in favor of tourism and supportive of your lodge? Is there a local group working together to support tourism development?*

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*What current and future trends might affect lodges in your area?*

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*How high is the risk of direct competitors starting a lodge near you?*

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***Pricing (Room Rates)***

Fees charged depend on a number of variables unique to each lodge. If you are only offering the bare minimum, you will not be able to ask a very high price. Services such as gourmet meals, daily room cleaning, cable television, and internet can command a higher price. Location also plays a large role. It is more expensive to operate a business in rural Alaska, which translates into higher rates. When calculating your pricing, take into account your location, your competition, and the services you offer.

The cost to stay at a basic lodge, without guided services, averages \$150 a night across the state. If meals are included, the price rises. The larger the cabins, the higher the rates. Rates for lodges that offer activities for their guests range between \$300 and \$800 a night. In some cases, lodges command as much as \$1,500 a night. Lodges with a hunting and/or fishing focus typically demand the highest average prices. Many lodge owners offer specials that reduce the nightly rate the longer a guest stays. In addition to the advertised rate, some lodges charge their guests gratuities for their services.

What you charge for a stay at your lodge will depend on how much it costs to operate, the number of guests you receive, the amount of competition in your area, and the amenities you provide. Once you determine the type of lodge you plan to develop, review what other competitive facilities are charging. With a firm grasp of your start-up and operating costs, you should have enough information to set your rates. It is important to review your pricing regularly. Often what you perceive as comparable to your lodge is not.

### ***What is the demand for a lodge?***

Demand for most lodge operations in rural Alaska is generally greater in the summer, because this is the time of year when most people vacation. The thought of coming to Alaska in winter tends not to appeal to visitors. Alaska's tourism industry has mainly focused on summer tourism. However, that might change in the future.



*Who is your target market?*

- Individuals
- Companies – what size? \_\_\_\_\_
- Government agencies or NGOs
- Other \_\_\_\_\_

*Is your target market*

- Based in your region?
- Based inside the state of Alaska?
- Other: \_\_\_\_\_

*What is the estimated size of your market?* \_\_\_\_\_

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*Demographically, who is your target customer? (profession, age, income level, etc.)*

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*Why have you chosen this target market?* \_\_\_\_\_

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*Why would your target customer choose to use your lodge?* \_\_\_\_\_

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*What is currently offered and how will you improve on this?* \_\_\_\_\_

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*Is the market seasonal?* \_\_\_\_\_

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*Have you already spoken to potential customers? Were they interested?*

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*Who are your direct competitors?* \_\_\_\_\_

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## STEP 5 – DEVELOPING YOUR MARKETING AND CUSTOMER SERVICE PLAN

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A good marketing and customer service plan for a lodge is more than producing a good rack card and brochure and establishing a website. These are necessary elements, but it is also important to dedicate time and resources to getting the word out to your target market. Good intentions are not the same as effective marketing. You need to develop a plan that details specific strategies, carry out those strategies, and regularly assess whether your plan is getting results. If not, you should make appropriate changes.

Two common assumptions made by new lodge owner or managers are: 1) Every guest will want to stay at your lodge, and 2) Your product will sell itself. However, few businesses succeed without any type of marketing. Make sure you develop a budget for marketing and monitor the effectiveness of your strategies.



### *Marketing Dos and Don'ts*

- **Don't expect immediate results from marketing.** Marketing, particularly marketing to potential visitors to your area, does not happen overnight. It can take several years for marketing of a new visitor accommodation to really take hold.
- **Do devote adequate time to marketing.** Marketing requires regular attention and thoughtful implementation of your strategy. It is not enough to produce a brochure or other print materials and stop there. You need to get the information into the hands of potential guests and draw their attention to your business.
- **Do make the necessary financial commitment to marketing.** Make sure you budget for the ongoing marketing of your lodge.
- **Don't neglect to monitor your marketing efforts.** Ask your guests where they heard about your lodge. If you don't know what is and isn't working, you might be wasting your time and resources.

### ***Key Elements of Marketing***

- Know your product or what you are selling
- Know who your target guests are
- Promote or advertise to your target guests, so they choose to stay at your lodge
- Understand the needs of your target guests, so you can satisfy those needs and ensure repeat business and word-of-mouth referrals.

If you took your earlier lodge concept and market assessment and research steps seriously, you should be well on your way to defining your product and knowing who your target guests are. Now you need to develop a plan and ongoing strategies to communicate effectively with those guests.

### ***Know Your Product***

The better you can explain the features that distinguish your lodge from other lodging, the better you will be at attracting guests.

Think about different services you could offer in conjunction with your lodge to maximize potential profits. Many lodges incorporate some type of guide service or interpretive walks, depending on the assets they are leveraging. You may also want to provide sack lunches or evening meals. You could sell retail products (hats, t-shirts, local artisan handicrafts, etc.). You might offer local transportation or the daily rental of a four-wheeler or snowmobile. (Remember each of these products or services may require additional insurance or regulatory considerations, so explore those impacts fully prior to incorporating them into your business.) All these offerings make up your product or what you are selling, so it is important to promote the whole package or experience.

### ***Promotion and Advertising***

A lodge operator on a limited budget must think creatively about how to get the word out. Marketing is not about spending money on fancy brochures but figuring out how to convince a guest to stay at your lodge. Some strategies include:

- Flyers
- Internet
- Trade shows
- Newspaper ads
- Direct mail to targets
- Yellow pages
- Press releases
- E-newsletter
- Referral program

At a minimum, post your lodge fliers or place rack cards at the local airport, grocery stores, businesses, and community offices. Make sure your lodge has signage placed where it can be seen easily by everyone in the community. In many rural Alaska communities, guests who find themselves at the airport or at a local business for the day will walk to the lodge. A sign tells your guests they have arrived at the right place.

Having a website for your lodge that includes your rates and some pictures showing your establishment's best points is a great way to attract and communicate with guests. Many guests do online research before booking a place to stay. If at all possible, pay to get your lodge listed in the most popular guidebooks. Travelers often use these as a quick reference. Make sure you advertise your services accurately, as many guidebooks allow feedback from customers.

Advertising is not cheap, so choose your advertising methods carefully. Consider what customers you are trying to attract, their interests and needs, and what advertising medium will reach them most effectively. Your ads and brochures are often the first impression a potential guest receives of your lodge. Make sure all your promotional literature is clearly written and attractive in appearance. And remember that advertising is effective only if it reaches your intended audience.

*Sales and promotion* techniques to increase business:

- Contact various government agencies, Native groups, service providers, or construction workers that are known to visit the area.
- Place fliers and rack cards in regional airports, stores, and city and tribal offices. This is especially important for small communities and communities with few visitor activities.
- Send out targeted mailings. This traditional approach is effective if you target the right audience. A good use of mail advertising is sending postcards or brochures to past customers, which may lead to repeat visitors or word-of-mouth referrals. You can also target business travelers you know are coming to your community. This strategy, however, depends on good contact information.

*Public relations* techniques to increase business:

- Invite the newspaper travel editor or feature writer from Anchorage, Fairbanks, or other regional hub to your lodge. Provide information and facts about the community and your product. Think through what might be newsworthy prior to sending the invitation (e.g. "An affordable way to travel off the beaten path").

- Inform your local, regional, and/or state chamber of commerce, convention and visitor bureau (CVB), and the Alaska Travel Industry Association (ATIA) that you are accepting guests. These agencies frequently receive inquiries and need to know where to direct prospective guests.
- Donate a free night's stay at your lodge when your community or regional corporation holds an event or raffle.

### ***Evaluating Advertising and Promotion***

Some of the best advertising is word-of-mouth. Sending past customers a thank you card shortly after they check out or an annual newsletter reminds them of their positive experience. This might prompt them to tell work associates or friends and family about their wonderful stay – which might result in more lodge guests.

If you are not certain where to begin, you can always start by sending away for brochures from established lodges to learn how they advertise, what they charge, and what they offer. When you are first starting out, it is usually worth the time and energy spent being a secret shopper, and learning about what others do and don't do to ensure their success. At a minimum, you should visit the websites of other lodges.

Also, once you are in business, it would be good to know if your advertising and promotional activities have been effective. One way to find out is to ask your guests how they learned about your lodge. Include this question in your registration and sign-in materials. Then remember to regularly record responses to evaluate your advertising and plan future promotions.



### ***Top-Notch Service***

Lodges come in many different shapes and sizes, but are typically very service-oriented. A lodge manager and the staff are expected to be friendly, help entertain, provide suggestions on activities in the area, and help guests feel at home. This section will help you develop ways to increase customer satisfaction, which can lead to more return customers, word-of-mouth advertising, and even the ability to command higher rates.

- Be available to greet guests when they arrive. Showing them around the lodge, and helping them settle in is the first step in making guests feel welcome. Call or email your guests prior to arrival to find out what time they expect to get in, and whether there is anything you can do for them before they arrive.

- Once your guest arrives, greet him or her with a smile and a friendly welcome. Invite guests to sign a register or guest book, so you'll have their address for future correspondence and your mailing list. Give a brief tour of the lodge and grounds. Be sure to point out guest areas and any special rules you have in a positive and friendly manner.
- Following this orientation, show guests their room. Indicate which closets and drawers are available and where bathroom supplies are stored. Show them how to operate shower faucets and heating or cooling appliances located in their guest room. Don't overwhelm your guests with too much information but provide it as needed.
- While guests are visiting, offer to take pictures for them or take pictures yourself and email guests a few of the better ones once they have departed. Small acts like this are easy to do and provide a personal touch that leaves a lasting impression.
- If you have employees, make sure they understand the importance of providing a positive guest experience. Spend time preparing employees for worst-case scenarios. For example, if a customer yells at them while you are not around or demands his money back, tell your staff in advance what they should do. Taking time to consider such situations can save a great deal of time and pain in the future.

### ***Tips for Top-Notch Service***

- Think about your property as you are planning for your lodge:
  - A private bathroom for each bedroom allows you to raise your room rate
  - Guests may need to store coats, boots, umbrellas, or leisure equipment like skis, so a large entry or mud room may be nice
  - Many lodges are developed around a theme. Even consistent décor can add to a client's positive experience.
- Keep an eye on your supplies – you don't want to run out of toilet paper when you have guests, so be sure to keep extra on hand.
- Write down every reservation you make into a calendar, and do not make reservations without your calendar.

- If you are connected to the road system, make certain you have enough places for guests to park their vehicles.
- Offer both tea and coffee. Be sure to have two coffeepots, one for regular coffee and one for decaffeinated, and label them accordingly.
- Know a great deal about all of the local attractions as well as weather forecasts, directions to other places, and the names of local doctors. You will be your guests' guide to your town, and they will expect you to be able to tell them about the area and what they can do for entertainment or if a problem arises.
- Make a scrapbook with restaurant menus (if available), brochures to local attractions, directions to key places around town, phone numbers for doctors, seasonal weather tips, and any other information your guests might need. As you receive questions repeatedly, you'll know what to put in and the guests can flip through the book and learn more about the area, so you will not have to answer the same questions for every guest.
- Send a reservation confirmation letter or email to guests reminding them when they are expected, your cancellation policy, your check-in hours, and any other pertinent information or house rules, so the guest is prepared.

### ***Follow-up***

It is important to know if you have met your guests' expectations. One way of getting this information is to send a survey to recent guests with a stamped and self-addressed envelope inside. Another, lower-cost approach is to email the same questions. Many people will not fill out this survey, but those who do will provide you with valuable feedback. Consider offering a discount as an incentive to people who return the survey (see page 65 for a sample mail survey).



## **STEP 6 – DEVELOPING YOUR ORGANIZATIONAL PLAN**

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Your organizational plan details the ownership, management, and staffing of your lodge. Your first step should be to list all necessary lodge activities and assign responsibility for each task. This exercise will pinpoint what skills you do and don't have. If there are skills you don't possess, you should make a plan to acquire the needed skills.

The following is an overview of ownership consideration and typical lodge management and staffing activities.

### ***Ownership Considerations (Legal Structure)***

A primary planning decision is to determine the legal structure of your lodge business. You must choose to operate either as a sole proprietorship, a partnership, a limited liability company, or a corporation. There is no common way that lodges are organized.

As a first step, you will need to become better acquainted with your options. It is tempting to just organize, but there are clear pros and cons to each form of organization. Because the focus of this handbook is to assist you in writing your business plan, it is important that you conduct your own research. There are resource guides, classes, and individual opinions regarding each form of organization. Consider consulting a lawyer and even an accountant to decide on the best form for your particular situation. This is a critical step, and you should devote as much attention to laying the foundation for your business as you do to planning and starting your business.

### ***Manager (Owner)***

The manager plans, organizes, directs, controls, evaluates, and carries out the ongoing activities of the lodge. Since most lodges are too small to support a paid manager, the owner usually performs the majority of management functions, in addition to the employee functions. This may change when a lodge becomes established but that might take five to 10 years. Specific activities of the manager include:

- **Financial Accounting** – Ensuring funds are available to operate the lodge. Activities include developing systems to track revenue and expense items (cash flow statement), evaluating the information, and developing a financial plan.

- Marketing – Ensuring guests come to your lodge. Activities include developing and distributing marketing materials to attract customers to your lodge and then providing a memorable experience so that guests want to return.
- Food Service – Ensuring that food is provided to guests as promised and in a way that meets health, safety, and licensing requirements. Activities include developing menus, preparing a food budget, making food purchases, preparing food, serving food, and meeting other guest needs.
- Facility Maintenance – Ensuring the entire property (interior and exterior) is properly maintained. It is particularly important to address health, safety, and licensing items. Activities include keeping electrical, plumbing, heating, ventilation, fire protection, and smoke control systems in proper working order. Additional activities include snow removal, mowing or other yard care, painting and repairing fixtures and amenities, and maintaining heavily used items such as kitchen appliances and laundry equipment. If you are good at home maintenance, these responsibilities may not be daunting. If not, contracting out many of these responsibilities makes good business sense.
- Housekeeping – Ensuring a clean, well-kept lodge, as well as addressing fire safety and health needs. Activities include developing cleaning procedures and schedules for all areas of the lodge, purchasing and keeping all cleaning supplies stocked, and performing regular heavy cleaning tasks, such as shampooing carpets, painting rooms, and refurbishing rooms, if necessary. An inventory of all supplies and items, such as bed linens and towels, should be maintained to ensure that items are purchased and replaced as necessary. In many rural Alaska communities, procuring supplies and equipment can take time and be costly, if not well planned. Develop systems to document your lodge housekeeping needs and to make purchases in bulk orders to save on shipping.

### ***Building Your Lodge Team***

Hiring employees in rural Alaska can be difficult. If you are in a small community, you may be dealing with a very small pool of applicants and employees that need training in the skills necessary for a lodge business. Additionally, if you have lived in this community for any length of time, you will likely be faced with a further complication of hiring your friends and/or relatives as employees. All of these obstacles can be difficult to navigate. Hopefully, the recommendations below will smooth this process.

- Do not underestimate the importance of training. If you hire a person for a position for which they do not already have the skill set, do not assume he or she will pick it up on the job. Plan to spend extra time training your employees

yourself or budget for outside help, online classes, or computer software to help them learn the skills they need. Training is available through the local convention and visitors bureau or from the State of Alaska, Office of Economic Development: <http://www.commerce.state.ak.us/oed/alaskahost/home.htm>.

- It may be worth paying a little more for an employee who is responsible or who already has the needed skills. An irresponsible or ill-equipped employee can slow down your business operation or even affect its reputation. In the end, this can cost much more than paying a marginally higher wage for a better employee.
- Perform a criminal background check. This provides peace of mind in hiring employees and protects you from potential threats. The following organizations will conduct criminal background checks on potential employees:
  - The Alaska Department of Public Safety  
<http://www.dps.state.ak.us/Statewide/background/>
  - Motznik Information Services  
<http://www.motznik.com/>
- If you hire friends and/or family members, make sure you discuss expectations with them. As an employee, he or she will need to show up for work on time, obey the lodge rules, and act professionally. If not, they will be fired just like any other employee. This can lead to complications and strife between family and friends. If you do not think your friend or family member will be able to follow the set rules or if you anticipate trouble enforcing them, do not hire that person.

### ***Ensuring the Right Skills and Aptitude***

A basic knowledge of the following is essential:

- Service and hospitality – You will be expected to be welcoming, suggest ideas for guest activities, and (in case of planning failures) entertain guests. A lodge operator should have knowledge of local history, culture, and events. Service and hospitality are very important. Hospitality that meets or exceeds expectations leads to free advertising through word-of-mouth referrals.
- Cleaning – Many people are very particular about cleanliness. If you want to look professional, your lodge should be a clean environment.
- Cooking – The amount of cooking skills needed will vary based on the range of food services your lodge decides to offer.

- Bookkeeping – If you, the business owner, are not comfortable keeping the books or using bookkeeping software, you should consider hiring a company to keep your books and to file your taxes.
- People skills – As the host, you will need a positive attitude, even when things are not going well.

***Hiring Professional Assistance***

- Attorney – You should hire an attorney at start-up to check over paperwork and legal issues before you begin operations. This will save you money later and give you a working relationship with a local attorney, should problems ever arise.
- Accountant – It is advisable to have an accountant, if you do not have experience with business accounting, although you can use one just for tax filing purposes.

Remember to think about your own skill set when considering management and training needs. If you lack a certain skill, you may need to hire somebody who has it. Do not underestimate the value of investing in your own education. It may be worth flying to Anchorage for a hotel management seminar or class, if it helps you to complete tasks you would otherwise not be able to do.



**Critical questions to answer in this step include:**

*What tasks will need to be completed on a daily basis?*

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*How many staff do you plan to employ? What will you pay them?*

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*Are your staffed positions seasonal?*

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*What skills do your manager and employees need to be successful at their jobs?*

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*How will you train them to learn these needed skills?*

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*What professional relationships have you established? (lawyer, accountant, etc.)*

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## STEP 7 – DEVELOPING YOUR FINANCIAL PLAN

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This section guides you through the process of determining whether or not your lodge will be profitable. To manage the finances of your lodge effectively, you must have a firm grasp of your projected start-up and operational costs, as well as your anticipated revenue. The steps involved are:

1. Determine how much money you need to open your business (start-up costs);
2. Determine your pricing and sales projections for your product or service and estimate your revenues;
3. Calculate what it will cost to deliver your product or service (operational costs).  
Operational costs are typically broken down into fixed costs and variable costs.

Your projected revenues should be sufficient to cover your operational costs and provide some profit. You may find it useful to calculate a break-even point, so you know exactly how many sales you need to make to cover your start-up and fixed costs.

If you are uncomfortable developing budget projections and managing finances, you should contact your local Small Business Development Center for guidance or hire a small business accountant.

### ***Start-up Costs***

Start-up costs usually include one-time costs. Some, such as the purchase or remodel of a lodge, are significant, and some, such as the purchase of equipment, utility deposits, down payments, and various one-time fees, are minor.

If a lodge owner owns the building, and it has less than five rooms, there will likely not be much in the way of start-up costs, unless the facility requires significant remodeling. It is important to ensure that guests are protected from harm, and that they feel the lodge is safe, as well as aesthetically pleasing. A lodge that is welcoming and has a pleasing feeling will likely produce more return visitors and referrals.

You must comply with the Americans with Disabilities Act (ADA), but, if it creates a hardship, there are some exemptions and allowances for small businesses and small communities. For more information, visit the website of the Alaska ADA Coordinator's Office (<http://www.labor.state.ak.us/ada/home.htm>) or call their toll-free number (1-800-478-2815).

Start-up costs will differ for each lodge, but common lodge start-up expenses include:

- State of Alaska business license (\$100 a year)
- Office equipment
- Minor lodge modifications
- Furniture, such as beds and dressers, are also often needed.

You could finance your start-up costs with a small loan paid back over a term of three to five years but, due to the difficulty of micro-lending in rural Alaska, do not assume such a loan will be readily available. Many small business owners finance their start-up with personal savings or a long-term loan. You should also consider that business revenues may not support a loan payback immediately.

### ***Estimating Revenues***

1. Estimate an average room rate per night for your lodge. In the marketing section, you learned about factors influencing rates. Your lodge rates should reflect the value of the services you offer. Your guests should feel they are getting good value for their money, and you should be able to meet your revenue goal. Before you set rates, survey local lodging establishments to see what they charge. Compare this with rates of lodges similar to yours. Ultimately, your room rate will be influenced by other factors, such as location, facility amenities, and your ability to provide superior service.
2. Determine your occupancy rate. This measures how many guests will stay in your lodge on a monthly basis throughout the year. A first-year average occupancy rate will range between 10 to 25 percent. Lodges in rural areas are known to run higher-than-average occupancy rates if the community has no other lodging options. Promotion, positive word-of-mouth, and repeat customers may increase occupancy by 10 to 15 percent each year.

For each lodge and community, revenues will vary. Factors that influence occupancy and sales include competition, marketing, pricing, knowledge of the service by potential users, and the types and number of people visiting.

The following table summarizes what revenues would be generated at different occupancy rates, assuming all other variables are constant. This example assumes a five-room lodge charging \$300 per night that is open for business from May 15 to September 15 (approximately 120 days). At five rooms open for 120 days, you have 600 room nights (5 x 120).

### Revenues at Different Occupancy Rates

Occupancy Rate	Night Stays	Revenues Generated
10%	60 (.1 x 600)	\$18,000 (60 nights x \$300)
15%	90 (.15 x 600)	\$27,000 (90 x \$300)
20%	120 (.2 x 600)	\$36,000 (120 x \$300)
25%	150 (.25 x 600)	\$45,000 (150 x \$300)
30%	180 (.3 x 600)	\$54,000 (180 x \$300)

#### ***Estimating Costs***

To effectively manage your finances, you must develop a sound, realistic budget (profit plan) covering all phases of the operation. Through the process of determining the actual amount of money needed to open the business (start-up cost) and the amount needed to keep it open (operating costs), a business owner is able to forecast financial needs and budget expenditures accordingly.

#### ***Fixed Costs***

Fixed costs are also known as overhead. They include those relatively stable items that will be paid yearly, regardless of the number of guests. These include rent or mortgage payments, insurance, and any interest on loans. Other examples are professional association fees and property maintenance fees. Your start-up costs should also be included as a fixed cost.

#### ***Variable Costs***

Variable costs are costs incurred only when a guest visits. These costs increase as occupancy increases, and include food, staffing, utilities, telephone, laundry, and even office supplies. If you offer transportation to and from the airport as a service of the lodge, vehicle fuel would also be a variable cost.

For our estimates, we will assume that guests will consume \$25 in food, coffee, and tea each day, and use \$7 in gas, water, and electricity, and that it requires \$3 worth of cleaning products for each day of a person's stay. Thus, variable cost will be estimated at \$35 per day per guest.

With a \$35 dollars a day per guest expense, the annual variable cost would be \$6,300 (180 night stays x \$35.00 nightly charge = \$6,300 x 2 guests = \$12,600), assuming a 30% occupancy, although occupancy and variable cost rise and fall together. The following table summarizes estimated cost at various occupancy rates. Most lodges offer a fee that is per person and assumes a double occupancy, thus the factor of '2' applied to the above costs.

### Cost at Different Occupancy Rates

Occupancy Rate	Night Stays	Estimated Cost
10%	60	\$4,200 (60 night stays x \$35/night x 2)
15%	90	\$6,300 (90 x \$35 x 2)
20%	120	\$8,400 (120 x \$35 x 2)
25%	150	\$10,500 (150 x \$35 x 2)
30%	180	\$12,600 (180 x \$35 x 2)

### Estimating Break-Even Point

A tool often used in business planning is called a “break-even analysis”. A break-even analysis tells you how many guests you need to cover all your costs (fixed and variable). This is your “break-even point.”

To calculate a break-even point:

1. Determine the sales price of your product or service
2. Calculate the total variable costs
3. Subtract the variable costs from the sales price – the remainder is called the “unit contribution” or amount you have to cover fixed costs
4. Total your fixed costs (insurance, licensing, utilities, mortgage)
5. Divide your total fixed costs by your “unit contribution” to determine your break-even point.

In the example above, you are charging \$300 per guest per night. Your variable cost per guest is \$35 per guest per night. The unit contribution per guest is \$265.

$$\begin{array}{r}
 \text{Average price per guest (per night)} = \$300 \\
 - \text{Variable costs per guest (per night)} = \$35 \\
 \hline
 \text{Unit contribution per guest} = \$265
 \end{array}$$

Say your fixed costs total \$20,000 per year. These costs include the expense of a one-person staff, insurance, utilities, and mortgage. In this example we assume you will have to guarantee wages for your staff regardless of how many guests you have, so this cost is treated as a fixed cost. Insurance, utilities, and mortgage are also costs you will have to pay, regardless of the number of guests you have.

If you divide fixed costs by your unit contribution (\$20,000/\$265), you get a break-even point of 76 guests.

$$\frac{\text{Fixed costs (per year)}}{\text{Unit contribution per guest}} = \frac{\$20,000}{\$265} = 76 \text{ guests}$$

Your first 76 guests pay for your fixed costs. With your 77th guest, you start making money. A break-even calculation is useful in several ways. When you are starting your business it gives you a minimum target. If you can't realistically hit this target, you had better reconsider. If you have been in business for a while, you can use a break-even analysis to better understand how many additional guests you would need to support increased salaries, medical benefits, purchase of equipment, or expansion.

### ***Estimating Gross Profits***

Gross profits are the total revenues from room stays minus costs (fixed costs plus variable costs). The table below shows the expected gross profit for our example, at different occupancy levels, illustrating how break-even point works with gross profit.

**Gross Profit at Different Occupancy Rates (Year 1)**

<b>Occupancy Rate</b>	<b>Night Stays</b>	<b>Revenues</b>	<b>Costs</b>	<b>Gross Profit</b>
10%	60	\$18,000	\$22,100	(\$4,100)
15%	90	\$27,000	\$23,150	\$3,850
20%	120	\$36,000	\$24,200	\$11,800
25%	150	\$45,000	\$25,250	\$19,750
30%	180	\$54,000	\$26,300	\$27,700

You calculated your break-even point would be 76 guests. Your gross profits table shows that you lose money, if you have only 60 guests. But with 90 guests, you are making money. Break-even analysis shows where you stop losing money. Calculating gross profits shows how much money you can make.

This example is simplified for clarity. When you are making these calculations for yourself, remember to account for all expenses fully, and to be conservative when estimating revenues. Lodge owners often find that their lodge produces no profit for several years until it becomes established, and the lodge owner learns efficient ways of marketing and operating the lodge for the least amount of money.

### ***Fitting in Start-Up Costs***

One reason lodges often do not show a profit for several years is that they are paying off their start up costs. In this simplified example, start-up costs were not shown. You can see from the gross profits table that if you had start-up costs of anything more than \$27,700, you would have no profit in the first year. But this assumes you have to pay off all start-up costs in the first year. Many things you will buy to start your business will last several years, if not several decades.

There are a couple of ways you can fit start-up costs into your financial analysis. The simplest way is just to lump the start up costs into your first year fixed costs. You might lose money the first year, but eventually the business should pay them off. Say you had \$30,000 in start-up costs, for this example. Your gross profits table would look like this:

Occupancy Rate	Night Stays	Revenues	Costs	Start up Cost	Gross Profit
10%	60	\$18,000	\$22,100	\$30,000	(\$34,100)
15%	90	\$27,000	\$23,150	\$30,000	(\$26,150)
20%	120	\$36,000	\$24,200	\$30,000	(\$18,200)
25%	150	\$45,000	\$25,250	\$30,000	(\$10,250)
30%	180	\$54,000	\$26,300	\$30,000	(\$2,300)

If you had a 30% occupancy rate, you could expect to show a profit in your second year. If you use this method, make sure you calculate a break-even point or a gross profit without the start-up costs. This helps you ensure your lodge is at least covering its operating expenses (fixed and variable costs).

Another method of dealing with start-up costs is to spread them out over several years. Say you know that everything you bought to start up, in this example, will last for ten years. If you divide \$30,000 by ten, you get \$3,000 per year. Then you could show a gross profit in year one.

Occupancy Rate	Night Stays	Revenues	Costs	Start up Cost	Gross Profit
10%	60	\$18,000	\$22,100	\$3,000	(\$7,100)
15%	90	\$27,000	\$23,150	\$3,000	\$850
20%	120	\$36,000	\$24,200	\$3,000	\$8,800
25%	150	\$45,000	\$25,250	\$3,000	\$16,750
30%	180	\$54,000	\$26,300	\$3,000	\$24,700

This type of calculation is similar to what you would do if you take out a loan to pay for start up costs, it just does not include interest payments.

### **Bank Loan**

If your lodge property requires remodeling or if you want to purchase a different property that offers more room, you may require a bank loan. In most cases, unless the loan is obtained through a second deed of trust on your primary residence, a banker will require a loan proposal and a business plan.

At a minimum, your business plan should address these critical elements:

- How much money will you need?
- What will you use the money for?
- For what length of time will you need the loan? When will you pay it back?
- How will you repay the loan? What are your gross profit projections?
- What are you offering as collateral?

## CONCLUSION

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In Alaska, most lodge business is seasonal, unless your community has a high number of visitors who travel for business purposes year round, and your lodge is positioned to serve these clients. In Alaska's rural communities, summer business operations can conflict with subsistence activities or compete with employment in higher-paying activities like commercial fishing. Consider carefully whether this type of business fits well with your other interests and revenue generating activities.

It takes a certain type of person to succeed in this type of business. As a lodge proprietor, you should be willing to take the time to share your knowledge of the local area and its people with guests. You need to be good at both listening and interacting with people, and have a sincere desire to help others understand and learn the ways of your community. In short, you must be flexible and willing to meet the needs of your customers.

As a lodge host, you should be able to respond to business opportunities as they present themselves. You may be requested to provide lodging to someone who is snowed in or delayed at the airport. Sometimes visitors who do not understand rural Alaska might show up without any lodging plans. Whatever the situation, you must be ready to offer hospitality at short notice.

While a demand for lodging exists in most rural Alaska communities, the market mix will vary from village to village. To accurately gauge the market potential in your community, pay attention to who is visiting the area. Initiate fact-finding conversations with city officials, airport workers, government agencies, construction workers, and others in the community. Once you have assessed the potential market, make contact with these visitors to offer them lodging.

# **APPENDICES**

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## Resources

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- The Alaska Travel Industry Association  
(907) 929-2842 - phone  
(907) 561-5727 - fax  
<http://www.alaskatia.org/>
- Convention and Visitors Bureaus – Chambers of Commerce  
<http://commerce.state.ak.us/oed/toubus/visinfo.cfm>
- Alaska Office of Economic Development  
(907) 269-8100 - phone  
<http://www.commerce.state.ak.us/oed/toubus/home.cfm>
- Professional Association of Innkeepers International  
(805) 569-8653  
[www.paii.org](http://www.paii.org)

**WORKSHEET 1: NATURAL ATTRACTIONS**

Describe what is unique about the natural attractions in the area. Try to be specific and avoid general attraction descriptions such as “wild,” “Alaska,” and “beautiful”. The last column asks you to choose potential market draw. This means the type of visitor an attraction may draw, and may include more than one type of market segment.

<b>NATURAL ATTRACTIONS</b> <b>Name, Description, and</b> <b>Current Draw</b>	<b>Describe</b> <b>Location</b> (distance from lodge via GPS)	<b>Ease of</b> <b>Access</b> (from lodge)	<b>Describe Potential</b> <b>Activities</b>	<b>Environmental Fragility</b> (endangered species nesting area, rare plant, water source, over-crowding, waste management)	<b>Socio-Cultural Concerns</b> (traditional uses and beliefs, taboos, potential disruption, land- ownership issues)	<b>Choose</b> <b>Potential</b> <b>Market Draw</b>
#1		<b>Easy</b> (up to 1 hour walk) <b>Moderate</b> (hills, 1-2 hrs) <b>Difficult</b> (steep climbs, 2+ hours)				<b>Local</b>  <b>Weekender</b>  <b>Out of State</b>
#2		<b>Easy</b>  <b>Moderate</b>  <b>Difficult</b>				<b>Local</b>  <b>Weekender</b>  <b>Out of State</b>
#3		<b>Easy</b>  <b>Moderate</b>  <b>Difficult</b>				<b>Local</b>  <b>Weekender</b>  <b>Out of State</b>

**WORKSHEET 2: RECREATIONAL ACTIVITIES**

Describe what is unique about potential recreational activities. Avoid general activity descriptions such as “hiking.”

<b>RECREATIONAL ACTIVITIES</b>  <b>Name, Description, and Current Draw</b>	<b>Describe best areas for activities to take place</b>	<b>Level of Difficulty</b>	<b>Product Development Needs</b>	<b>Environmental Fragility</b> (endangered species nesting area, rare plant, water source, over-crowding, waste management)	<b>Socio-cultural concerns</b> (traditional uses and beliefs, taboos, potential disruption, land-ownership issues)	<b>Choose Potential Market Draw</b>
#1		<b>Easy</b> (no sweat) <b>Moderate</b> (light exertion) <b>Difficult</b> (physically fit)				<b>Local</b>  <b>Weekender</b>  <b>Destination</b>
#2		<b>Easy</b>  <b>Moderate</b>  <b>Difficult</b>				<b>Local</b>  <b>Weekender</b>  <b>Destination</b>
#3		<b>Easy</b>  <b>Moderate</b>  <b>Difficult</b>				<b>Local</b>  <b>Weekender</b>  <b>Destination</b>

**WORKSHEET 3: CULTURAL ATTRACTIONS**

When describing cultural attractions, express what is unique about the attraction(s) and try to avoid general attraction descriptions such as “Native”.

<p><b>CULTURAL ATTRACTIONS</b></p> <p><b>Name, Description and Current Draw</b></p>	<p><b>Location and timing</b> (when and how often)</p>	<p><b>Describe potential activities</b></p>	<p><b>Environmental Fragility</b> (endangered species nesting area, rare plant, water source, over-crowding, waste management )</p>	<p><b>Socio-cultural concerns</b> (traditional uses and beliefs, taboos, potential disruption, land ownership issues)</p>	<p><b>Choose Potential Market Draw</b></p>
#1					<p><b>Local</b></p> <p><b>Weekender</b></p> <p><b>Destination</b></p>
#2					<p><b>Local</b></p> <p><b>Weekender</b></p> <p><b>Destination</b></p>
#3					<p><b>Local</b></p> <p><b>Weekender</b></p> <p><b>Destination</b></p>

**WORKSHEET 4: HISTORIC ATTRACTIONS**

When describing historical attractions, express what is unique about them and try to avoid general attraction descriptions such as “historical site”.

<p><b>HERITAGE AND HISTORIC ATTRACTIONS</b></p> <p><b>Name, Description, and Current Draw (historical context)</b></p>	<p><b>Describe Location and Access</b> (distance from lodge via GPS)</p>	<p><b>Describe condition or renovation work required to accommodate visitors</b></p>	<p><b>Environmental Fragility</b> (endangered species nesting area, rare plant, water source, over-crowding, waste management)</p>	<p><b>Socio-cultural concerns</b> (traditional uses and beliefs, taboos, privacy, potential disruption, land ownership issues)</p>	<p><b>Choose Potential Market Draw</b></p>
#1					<p><b>Local</b></p> <p><b>Weekender</b></p> <p><b>Destination</b></p>
#2					<p><b>Local</b></p> <p><b>Weekender</b></p> <p><b>Destination</b></p>
#3					<p><b>Local</b></p> <p><b>Weekender</b></p> <p><b>Destination</b></p>

**WORKSHEET 5: INVENTORY EVALUATION SHEET**

For each attraction please refer to the list in the left hand column and rate each item 1-5, with five being the most positive rating. Then add up the ratings for each attraction and total them in the designated box.

	<b>Attraction #1</b>	<b>Attraction #2</b>	<b>Attraction #3</b>	<b>Attraction #4</b>
<b>Scenic Value</b>				
<b>Biodiversity</b>				
<b>Cultural Value</b>				
<b>Historical Value</b>				
<b>Uses and Activities</b>				
<b>Community Participation</b>				
<b>Site Control</b>				
<b>Access</b>				
<b>Product Development</b>				
<b>Totals:</b>				
<b>Notes:</b>				

## Furniture Checklist

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### Common Areas

- Sofa
- Love seat
- Front desk
- Chairs
- Writing table and chair
- End tables
- Lamps
- Hat/coat rack
- Card/game table
- Books, magazines, playing cards, and games
- Mud mat or other place to remove dirty shoes and clothes

### Guest Bathroom

- Well lit mirror
- Small soaps and shampoos
- Bath towels, hand towels, and wash cloths
- Bath mat
- Bubble bath or bath salts
- Extra toilet paper
- Tissues
- Trash can
- Bath robes

### Guest Rooms

- Bed with mattress and box spring
- Closet or armoire
- Night stand
- Reading light
- Alarm clock
- Dresser
- Armchair
- Ceiling light
- Blinds and/or curtains
- Extra pillows, sheets, and blankets

### Kitchen and Dining

- Large sink
- Large dinner table with chairs
- Ample dishes, plates, bowls, and silverware
- Tablecloth and placemats
- Large coffee maker
- Tea kettle
- Serving cart or counter
- Guest refrigerator
- Candles/centerpiece

## Basic Bathroom Upkeep Checklist

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- Working plumbing and sewage disposal
- Lit, large mirror at sink
- Clean tub/shower
- Nonskid bath/shower mat
- Trashcan
- Toilet paper with an extra roll in bathroom
- Two water glasses
- Shower curtain
- Hooks on the back of the door
- Window covering (if applicable)
- Lock on door (from inside)
- Hot water
- Liquid soap in shower/tub/sink
- Soap dishes (if bar soap used)
- Bar soap (unused)
- Bath towel (one per guest)
- Washcloth (one per guest)
- Towel rack
- Air freshener
- Ventilation system
- Bath rug
- Working plugs for hair dryer/razor/et cetera
- Plunger

## Basic Bedroom Upkeep Checklist

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- Bed with mattress and box spring
- Good sturdy bed frame
- Mattress pad and cover
- Clean sheets
- Two pillows per bed with slipcovers and pillow cases
- Bedspread or quilt
- Extra sheets/blankets/pillows available
- Window locks (first floor)
- Alarm clock
- Tissue
- Two glasses
- Fan/air conditioning/heat
- Night table(s) next to bed
- Reading lamp
- Chair
- Bureau with drawers
- Trashcan
- Closet with hangers
- Hooks on doors
- Suitcase rack
- Ashtray (if smoking permitted)
- Stationery with pen
- Doors that lock from inside
- Smoke detector

## Cleanliness Checklist

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### Guest Rooms

- Floor cleaned/vacuumed
- Walls clean
- Windows clean
- Under bed tidy
- Trashcan empty
- Paint/wallpaper in good shape
- Clean bedding and linens
- Lights clean
- Light bulbs working
- Mirrors clean
- Furniture clean and polished
- Remove clutter

### Guest Bathroom

- Floor mopped
- Scrub down grouted areas
- Paint/wallpaper in good shape
- Mirrors clean
- Shower curtain clean and in good shape
- Clean rug
- Clean bathmat
- Scrub tub/sink
- Clean towels/wash cloths
- Windows clean
- Clean sponge (visible)
- Clean medicine cabinets
- Clean mirror

### Common Areas

- Paint
- Wallpaper
- Lights clean
- Lights bulbs working
- Vacuumed
- Floors cleaned
- Curtains/windows clean
- Furniture cleaned and polished
- Walls clean

### Kitchen and Dining

- Floor mopped/polished
- Cabinets/shelves/counters washed/polished
- Refrigerator cleaned (inside and out)
- Paint in good shape
- Lights clean
- Lights bulbs working
- Trashcan empty
- Clean dishes/pot and pans

### House Exterior and Yard

- Grass cut
- Flower beds free of trash
- No litter
- Leaves raked
- Paint in good shape
- Snow shoveled from sidewalk/porch
- Windows washed

## **General Health & Safety Checklist**

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The following is a list of the health and safety checks you should make before having guests at your lodge. Not all may be required by law, but addressing them will increase safety and limit risks to guests.

- Evacuation procedures posted in all guest rooms
- Fire extinguisher on each floor
- Smoke detectors in each guest room
- Fire alarms in each guest room
- Telephone in each guest room with emergency contacts
- Handrails on all staircases
- Clutter free stairs and hallways
- Railings on all porches and balconies
- Lit parking area
- Night lights in hallways and bathrooms
- Enclosed staircases, fire doors, sprinkler system (if required)
- Fire inspection (if required)
- Good wiring
- Water, sewage, plumbing all in good shape and inspected (if required)
- Water from safe and approved source
- Locks on all exterior doors and guest rooms
- Hazardous materials inspection (asbestos, etc.)
- Carbon monoxide detectors
- Hooks on doors above eye level
- Insect extermination

## **Health & Safety Checklist – Bathroom & Kitchen**

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### **Bathroom**

- Cleaned prior to each new guest
- Daily clean-ups
- Towels changed with each new guest
- Glasses unbreakable or plastic
- If bar soap is used it should be changed with each new guest
- Well grounded electric outlets
- Safety bars next to tub/shower

### **Kitchen**

- Very clean
- Inspected and licensed (if required)
- No pets
- Toxins and chemicals kept in closed area or cabinets
- Trashcans covered and changed regularly
- Clean utensils
- Perishables refrigerated at 45 degrees or below
- Food wrapped until served
- No smoking
- No eating during food preparation
- Wash and clean hands often
- Food prep surfaces cleaned regularly
- Two sinks, or sink and basin, and rack used for hand washing dishes cleaned regularly
- Dishes sanitized in bleach solution after washing and then air dry
- Microwave cleaned daily

## Office Equipment Budget Worksheet

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<input type="checkbox"/> Current Windows-based Pentium-class PC with SVGA monitor, modem and CD-ROM	\$ _____
<input type="checkbox"/> Inkjet printer	\$ _____
<input type="checkbox"/> Fax machine	\$ _____
<input type="checkbox"/> Software: Innkeeping	\$ _____
Word processing	\$ _____
Desktop publishing	\$ _____
Accounting	\$ _____
List management	\$ _____
Total Software:	\$ _____
<input type="checkbox"/> Phones, at least two lines with voicemail	\$ _____
<input type="checkbox"/> Answering machine	\$ _____
<input type="checkbox"/> Cell phone	\$ _____
<input type="checkbox"/> Uninterruptible power supply	\$ _____
<input type="checkbox"/> Surge protector	\$ _____
<input type="checkbox"/> Calculator	\$ _____
<input type="checkbox"/> Miscellaneous office supplies	\$ _____
<i>Not critical, but useful:</i>	
<input type="checkbox"/> Digital camera	\$ _____
<input type="checkbox"/> Scanner	\$ _____
<input type="checkbox"/> Copier	\$ _____
<input type="checkbox"/> Desk	\$ _____
<input type="checkbox"/> Desk chair	\$ _____
<input type="checkbox"/> Filing cabinet	\$ _____
<input type="checkbox"/> Bookcase	\$ _____
TOTAL COSTS:	\$ _____

## Sample Evaluation Form

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Your opinions are very important to us! We try hard to ensure that all of the needs of our guests are fulfilled and that your stay was pleasant. To help us meet your future needs, we would appreciate any suggestions that you might have to help us better serve you. Please take a few minutes to answer the questions below upon check out. Thank you for staying with us – we hope you enjoyed your visit!

What did you like most about our lodge?

Was there anything you would like to see done differently?

If you were to change one thing, what would it be?

Please add any comments that you would like.

## Sample Follow-Up Survey By Mail

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Hello! We want to take a moment to thank you for choosing to stay at \_\_\_\_\_ Lodge. We hope you enjoyed your stay, and that you will consider us if you visit this area again. To help us improve our services and cater to our guests' needs, please complete this short survey and mail it back to us in the pre-addressed, prepaid envelope.

1. On a scale of 1 to 10 (with 10 being highest) how would you rate your stay?

- Service                    1 2 3 4 5 6 7 8 9 10
- Cleanliness            1 2 3 4 5 6 7 8 9 10
- Breakfast              1 2 3 4 5 6 7 8 9 10
- Location                1 2 3 4 5 6 7 8 9 10
- Convenience          1 2 3 4 5 6 7 8 9 10
- Friendliness          1 2 3 4 5 6 7 8 9 10
- Amenities              1 2 3 4 5 6 7 8 9 10
- Reservation service   1 2 3 4 5 6 7 8 9 10
- Price                    1 2 3 4 5 6 7 8 9 10

2. Would you consider staying with us again? \_\_\_\_\_

3. What was your favorite part of your stay? \_\_\_\_\_

\_\_\_\_\_

4. What was your least favorite part of your stay? \_\_\_\_\_

\_\_\_\_\_

5. How did you hear about us? \_\_\_\_\_

\_\_\_\_\_

6. If you could change one thing about your stay, what would it be?

\_\_\_\_\_

7. Would you recommend us to a friend? Why or why not? \_\_\_\_\_

\_\_\_\_\_

8. Comments: \_\_\_\_\_

\_\_\_\_\_

## Estimated Start-Up Costs Worksheet

Start-up costs are expenses you need to make as you prepare to open your Lodge. Examples are provided. If you are going to quit another job before you start your business, you may also want to include a salary or living stipend in your start-up costs. Use the table below to list all your start-up expenses. Make sure your estimate is as complete and accurate as possible.

Start Up Necessities	Estimated Cost
Licenses	
Office equipment	
Legal services	
Insurance	
Advertising	
Professional association fees	
Phone	
Home improvements/renovations	
Website design services	
Postage	
TOTAL:	



## Estimated Fixed Costs Worksheet

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Fixed costs are monthly or yearly fees that must be paid and remain relatively constant, no matter the number of guests received each year. These “fixed” expenses must be paid, no matter how many guests stay at your lodge.

Fixed Costs	Estimated Cost Per Year
Professional association fees	
Accounting fees	
Booking agent fees	
Insurance	
Advertising	
Phone	
Cable or satellite TV	
Loan payments	
Postage	
Bills	
Maintenance	
Miscellaneous	
TOTAL:	

## Estimated Variable Costs Worksheet

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Variable costs are costs only incurred when you have guests. These increase when there are more guests and do not exist without guests. One example would be food and room cleaning expenses per guest for the estimated average stay. These are more difficult to estimate, because you need to estimate the cost per guest, rather than the yearly cost.

Variable Costs	Estimated Cost Per Average Guest Stay
Breakfast	
Tea and coffee	
Room cleaning	
Laundry	
Bathroom cleaning	
Supplies (soap, toilet paper, etc.)	
Booking agent commission	
TOTAL:	

This total gives you the variable cost per guest for your lodge

Now, for the total variable cost per year, we take the TOTAL from above and multiply it by the estimated number of guests per year to estimate total yearly variable cost.

$$\begin{array}{rcc}
 \underline{\hspace{2cm}} & \times & \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \\
 \text{TOTAL} & \text{Estimated Guests per Year} & \text{Estimated Yearly Variable Cost}
 \end{array}$$

## Profit and Loss Statement

---

Revenue:

Gross Sales	\$ _____
Less Returns and Allowances	- \$ _____
Net Sales	\$ _____
Cost of Sales	\$ _____
Gross Profit	\$ _____

Operating Expenses:

Salaries	\$ _____
Payroll Taxes	\$ _____
Employee Benefits	\$ _____
Insurance	\$ _____
Advertising	\$ _____
Depreciation	\$ _____
Transportation Expenses	\$ _____
Dues and Fees	\$ _____
Legal & Accounting	\$ _____
Office Supplies	\$ _____
Telephone & Internet	\$ _____
Utilities	\$ _____
Rent/Mortgage	\$ _____
Taxes and Licenses	\$ _____
Other	\$ _____

Total Operating Expenses	\$ _____
Operational Profit (Loss)	\$ _____
Other Income and Expenses	\$ _____

Net Income (Loss) Before Taxes	\$ _____
--------------------------------	----------

Income Tax	\$ _____
------------	----------

Net Income (Loss)	\$ _____
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## Balance Sheet

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Once your business is up and running, your balance sheet will tell you the financial status of the business. Since your business has not yet started, this is what is called a *pro forma* balance sheet – it predicts what will happen to your business in the future. In this way, you can see where your money will be going and whether to expect a profit or a loss.

Year: \_\_\_\_\_

### Assets

#### Current Assets

Cash and equivalent	\$ _____
Accounts receivable	\$ _____
Inventories	\$ _____
Prepaid expenses	\$ _____
Total Current Assets	\$ _____

#### Fixed Assets

Land	\$ _____
Buildings	\$ _____
Equipment	\$ _____
Furniture	\$ _____
Vehicles	\$ _____
Less total depreciation	\$ _____
Net Total Fixed Assets	\$ _____
TOTAL ASSETS (Total Current + Total Fixed)	\$ _____

### Liabilities

#### Current Liability

Accounts payable	\$ _____
Short-term debt	\$ _____
Current portion of long-term debt	\$ _____
Income tax payable	\$ _____
Accrued expenses	\$ _____
Total Current Liabilities	\$ _____
Long Term Debt	\$ _____
TOTAL DEBT AND LIABILITIES	\$ _____

## Cash Flow Statement

---

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Beginning Cash Balance	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>Cash Receipts:</b>						
Cash sales	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Accounts receivable collections	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>Total Cash Receipts</b>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>Cash Disbursements:</b>						
Inventory	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Salaries and wages	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Fixed assets	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Rent	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Insurance	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Utilities	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Interest	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Advertising	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Taxes	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Other payments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>Total Cash Disbursed:</b>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>Total Operational Cash Surplus (Deficit)</b>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Additional Funding (Repayment)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>Ending Cash Balance</b>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

## Additional Resources

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### FREE PUBLICATIONS FOR ALASKA SMALL BUSINESS OWNERS

- **Alaska Economic Development Resource Guide** (19<sup>th</sup> Edition, October 2007) – An inventory of programs and services which can provide technical and financial assistance to Alaska communities and businesses. Published by the Alaska Department of Commerce, Community and Economic Development, Division of Community Affairs. Available at <http://www.dced.state.ak.us/dca/edrg/EDRG.htm>.
- **Alaska Small Business Resource Guide** – Offers advice, contacts, and information to help Alaska business owners succeed. Available at any First National Bank Alaska branch or the Alaska Small Business Development Center.
- **Establishing a Business in Alaska Reference Guide** (13<sup>th</sup> Edition, March 2006) – Provides information regarding critical steps to take before starting a business, such as: license, regulatory, tax and labor law requirements; business assistance information; financial institutions; and environmental protection requirements. Published by the Alaska Department of Commerce, Community and Economic Development, Office of Economic Development. Available on CD-ROM or download at <http://www.commerce.state.ak.us/investments/pdf/EstablishingABusiness.pdf>.
- **Starting Your Small Business** (Spring-Summer 2007) – A general guide to starting a small business in Alaska, including lending resources. Published by the Alaska Department of Commerce, Community and Economic Development, Office of Economic Development. See [http://www.commerce.state.ak.us/oed/small\\_bus/pub/StartingaSmallBusiness.pdf](http://www.commerce.state.ak.us/oed/small_bus/pub/StartingaSmallBusiness.pdf).
- **The Small Business Resource Guide** – A reference guide for small business and self-employed taxpayers. Available from the Internal Revenue Service on CD-ROM or download at <http://www.irs.gov/businesses/small/article/0,,id=101169,00.html>.

### OTHER PUBLICATIONS

- **Alaska Business Monthly** <http://www.akbizmag.com>  
907-276-4373 ◦ [editor@akbizmag.com](mailto:editor@akbizmag.com)  
501 West Northern Lights Boulevard, Suite 100, Anchorage, AK 99503
- **Alaska Journal of Commerce** <http://www.alaskajournal.com>  
907-561-4772 ◦ [jeff.jones@alaskajournal.com](mailto:jeff.jones@alaskajournal.com)  
301 Arctic Slope Avenue, Suite 350, Anchorage, AK 99518

## ALASKA REGIONAL DEVELOPMENT ORGANIZATIONS (ARDORs)

The Alaska Legislature established the ARDOR program in 1988 to stimulate economic development. The ARDORs:

- Enable communities to pool their limited resources and work together on economic development issues
  - Develop partnerships among public, private and other organizations
  - Offer a technical, nonpartisan capacity to develop and implement an economic development strategy
  - Often have extensive experience with federal/state programs
  - Provide needed technical assistance via direct links with local citizens.
- 
- **Anchorage Economic Development Corporation** <http://www.aedcweb.com>  
907-258-3700 ◦ [aedc@aedcweb.com](mailto:aedc@aedcweb.com)  
900 West Fifth Avenue, Suite 300, Anchorage, AK 99501
  - **Bering Strait Development Council (Kawerak)** <http://www.kawerak.org>  
877-219-2599 ◦ [webmaster@kawerak.org](mailto:webmaster@kawerak.org) ◦ P.O. Box 948, Nome, AK 99762
  - **Copper Valley Economic Development Council** <http://www.alaskaeconomicdevelopment.org>  
907-822-5001 ◦ [cvedc@cvinternet.com](mailto:cvedc@cvinternet.com) ◦ P.O. Box 9, Glenallen, AK 99588
  - **Fairbanks North Star Borough Economic Development Commission**  
<http://www.co.fairbanks.ak.us/mayorsoffice/economicdevelopment>  
907-459-1309 ◦ [kdodge@co.fairbanks.ak.us](mailto:kdodge@co.fairbanks.ak.us) ◦ 809 Pioneer Road, Fairbanks, AK 99707
  - **Kenai Peninsula Economic Development District** <http://www.kpedd.org>  
907-283-3335 ◦ [info@kpedd.org](mailto:info@kpedd.org) ◦ 14896 Kenai Spur Highway, Suite 103A, Kenai, AK 99611
  - **Lower Kuskokwim Economic Development Council** <http://www.lkedc.org>  
907-543-5967 ◦ [carl\\_berger@ddc-alaska.org](mailto:carl_berger@ddc-alaska.org) ◦ P.O. Box 2021, Bethel, AK 99559
  - **Mat-Su Resource Conservation and Development Council** <http://www.matsurcd.org>  
907-373-1062, extension 108 ◦ [matsurcd@mtaonline.net](mailto:matsurcd@mtaonline.net)  
1700 East Bogard Road, Wasilla, AK 99654
  - **Northwest Arctic Borough Economic Development Department** <http://www.nwabor.org/edu>  
800-478-1110 ◦ [dhamilton@nwabor.org](mailto:dhamilton@nwabor.org) ◦ P.O. Box 1110, Kotzebue, AK 99752
  - **Prince William Sound Economic Development District** <http://www.pwsedd.org>  
907-222-2440 ◦ [pwsedd@alaska.net](mailto:pwsedd@alaska.net) ◦ 2207 Spenard Road, Suite 207, Anchorage, AK 99503
  - **Southeast Conference** <http://www.seconference.org>  
907-523-2310 ◦ [info@seconference.org](mailto:info@seconference.org) ◦ 612 West Willoughby Avenue, Juneau, AK 99802

- **Southwest Alaska Municipal Conference (SWAMC)** <http://www.swamc.org>  
907-562-7380 ◦ [admin@swamc.org](mailto:admin@swamc.org)  
3300 Arctic Boulevard, Suite 203, Anchorage, AK 99503

## OTHER SMALL BUSINESS RESOURCES

- **Alaska Department of Commerce, Community & Economic Development, Office of Economic Development** <http://www.commerce.state.ak.us.oed/home.htm>
  - *Small Business Assistance Center*  
<http://www.commerce.state.ak.us/oed/smallbus/home.cfm>  
907-269-8104 ◦ [michael.hanzuk@alaska.gov](mailto:michael.hanzuk@alaska.gov)  
550 West 7<sup>th</sup> Avenue, Suite 1770, Anchorage, AK 99501
  - *Made in Alaska (MIA)* <http://www.madeinalaska.org/mia/>
- **Alaska Manufacturing Extension Partnership (AMEP)** <http://www.ak-mep.org>  
907-279-2637 ◦ [info@ak-mep.org](mailto:info@ak-mep.org) ◦ 701 Sesame Street, Suite 200, Anchorage, AK 99503
  - *Ecommerce program: Alaska Manufacturing, Business, Industrial, and Technology Projects (AMBIT)* <http://www.ambit.cc>
- **Alaska Small Business Development Center (SBDC)** <http://www.aksbdc.org>
  - 907-274-7232 430 West 7<sup>th</sup> Ave, Suite 110, Anchorage, AK 99501
  - 907-456-7232 604 Barnette Street, Suite 220, Fairbanks, AK 99701
  - 907-463-3789 3100 Channel Drive, Suite 306, Juneau, AK 99801
  - 907-260-5629 43335 Kalifornsky Beach Road, Suite 12, Soldotna, AK 99669
  - 907-373-7232 201 North Lucille Street, Suite 2A, Wasilla, AK 99654
  - *BuyAlaska* [www.buyalaska.com](http://www.buyalaska.com)  
800-478-2332 ◦ [ansj@uaa.alaska.edu](mailto:ansj@uaa.alaska.edu)
  - *Procurement Technical Assistance Center (PTAC)* <http://www.ptacalaska.org>  
800-478-7282 (Anchorage)  
800-478-1701 (Fairbanks)
  - *Rural Outreach* 907-274-7232
- **Alaska Village Initiatives** <http://www.akvillageinitiatives.com>  
800-478-2332 ◦ [cparker@akvillage.com](mailto:cparker@akvillage.com) ◦ 1577 C Street, Suite 304, Anchorage, AK 99501
- **Americans with Disabilities Act (ADA)** <http://www.ada.gov>  
800-514-0301
- **Kauffman Foundation, EntreWorld** <http://eventuring.kauffman.org>

- **Occupational Safety and Health Administration (OSHA)** <http://www.osha.gov>  
907-271-5152 ◦ 222 West 8<sup>th</sup> Avenue, Room A14, Anchorage, AK 99513
- **SCORE** – Free small business counseling. <http://www.akscore.org>  
907-271-4022 ◦ [score558@gci.net](mailto:score558@gci.net) ◦ 510 L Street, Suite 310, Anchorage, AK 99501
- **Small Business Administration (SBA)** <http://www.sba.gov>  
800-827-5722 ◦ [answerdesk@sba.gov](mailto:answerdesk@sba.gov)
- **University of Alaska Center for Economic Development** – Feasibility analysis, market research, business planning, and business implementation assistance for nonprofits and municipal and tribal governments. <http://www.ced.uaa.alaska.edu>  
907-786-5444 ◦ [ancab5@uaa.alaska.edu](mailto:ancab5@uaa.alaska.edu)  
4500 Diplomacy Drive, Suite 507, Anchorage, AK 99508