



# Adventure Travel Lodging Company

Cobra Travel Adventure Group

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This business plan raised well over \$200,000 for entrepreneurs seeking to build a number of resorts/lodges providing exciting "adventure travel" experiences. Owners housed guests in local hotels for three seasons before finally completing their flagship lodge. Plans are presently on hold for pursuing larger construction dreams.

## EXECUTIVE SUMMARY

Cobra Travel Adventure Group (CTAG) is soon to become a leader in the fastest-growing segment of the travel industry: adventure travel. Growing at a solid 15 to 20 percent per year, the demand for adventure travel destinations far outweighs the current supply.

Due to this segment's infancy in the industry, there is no single travel outfitter that offers a broad range of adventure travel options. Yes, there are companies who sell differing packages, but they are the brokers. Somewhat like Hyatt Hotels, CTAG will own and operate a number of adventure travel resorts providing a consistent level of quality and service. An outstanding vacation that the guest can count on whether skiing in Canada or surfing in Costa Rica.

CTAG has 10 resorts/lodges slated for immediate development. These properties include our flagship ski resort in Victoria called Snowfall Lodge. It has taken two years to complete the process for obtaining a perpetual lease on 80+ square miles of pristine forest service land. As of October 2000 it was made official through a country-wide press release, CTAG was granted the land tenure. Snowfall Lodge will be the seventh destination ski lodge in Victoria, which commands most of the world's market share in this industry. These lodges are consistently sold out year after year. The demand outweighs the supply.

The other lodges include a fly fishing lodge in Utah, a Brazilian surf and yachting lodge, a mountain bike resort in Montana and a family ecological lodge in Washington. CTAG is approaching each property on an individual basis. Some will be developed from the ground up, others will be renovations of existing properties.

The CTAG goal is to develop the lodges within the next two years. By our fourth year, CTAG will be prime for DPO (direct public offering) or a buy-out from a larger travel/hotel company looking to expand into the adventure travel market. Either way, the exit strategy looks very profitable.

## Cobra Travel Overview

Cobra Travel will act as the branded mother company for all of its adventure properties. Based in Seattle, Washington, the CTAG head office will oversee all functions of the properties including bookkeeping, sales, marketing and reservations. Included in Cobra Travel's responsibilities is the selection of the consultants and



professional teams to design and develop each project; entitlement issues, recruitment and training of all personnel (including operations staff) and maintenance.

## MARKETING & SALES

Our target market primarily consists of heads of household between the ages of 35 to 54 years old that have high household incomes (averaging \$107,000+/yr.). Their trips average about three to six nights, and 72 percent of the time they go on these trips with their children. Secondary markets include the broader, younger enthusiast.

The average market breakdown originates from the following geographical areas:

- 45 percent from North America
- 40 percent from Europe
- 4 percent from Asia
- 3 percent from Victoria
- 8 percent from other countries

The Company's marketing plan will comprise a mix of FAM tours, direct mailings, Internet, print ads plus free film and print publicity.

FAM tours are complimentary packages for industry professionals. We plan to offer these tours to writers from the nation's largest sports and travel publications including Ski Magazine, Mountain Living, Snowboarder, Couloir, Outside, Hekler, Islands, Conde Nast, Adventure and Powder. So far, three of the magazines have committed to articles. Publicity generated from such articles has contributed to many bookings for similar resorts in the area.

The direct mailings will be geared for the travel agent market, magazine subscription lists and clubs across the world. The mailings will include a number of brochures and FAM tour invitations for the industry professionals. The travel agent will be our front line for sales, therefore we will offer better than average commissions (15 percent) during our first two seasons of operation. Mailings will include package deals with group discounts.

The direct mailings will be sent worldwide and our brochure will be translated into Italian, German, French, Japanese, and Spanish and sent directly to potential contacts or to distributors. We are working with sporting goods distributors around the world who would be able to provide the starting platform for an international marketing campaign.

The web site will also generate a number of sales. The key to Internet sales is an impressive look with a product targeted to the people surfing the web. Adventure vacation packages are one of the products that generate a lot of interest on the web.

"Seventy percent of downhillers say they have access to the Internet and one-third of those who have that access had visited the homepage of the resort where they were skiing. The majority were between the ages of 25 and 54 with higher than average incomes."

Our Web site will be the most cost-effective form of our advertising campaign. We will build a custom Web site with up-to-the-minute weather conditions, live web cameras, booking availability, and trip details. To pull the potential customer to the site, we will have a unique Web cam for each property. The Web cam takes a picture every 60 seconds and is instantly available for viewing at the site. Our cams will show the view from each resort.

Print ads will be placed in various sports/travel publications. Our target market reads these magazines. These magazines, in most cases, act as a travel organizer for the guest (from accommodations to gear).

Currently, we have had numerous commitments from film and photo professionals to include footage from our resorts in their next projects. Rachel Luevano, one of the most respected sports photographers in the world, will



be shooting the Mighty Moose Snowboarding team at our Victoria location in March 2000. Also, Stonecold Films, a ski/snowboard filmmaking company, is filming part of their next feature at our Snowfall Lodge.

## MANAGEMENT SUMMARY

Cobra Travel, a Seattle, Washington, limited liability company, is headed by Robert Marians, Ed Macroid and Marcus Stock.

### Robert Marians, Chief Operations and Financial Officer

Robert Marians's roots are in sales and the hospitality industry, having run a number of hotels and resorts in the Miami area. He was actively involved with all aspects of the travel business including management, marketing and front-of-house operations. Robert was general manager of Marriott's third-largest timeshare property in the world, as well as two resorts in the Miami area. Strengths lied in budgeting and project management in the hospitality industry. Marians has a strong entrepreneurial background having started four thriving businesses in the South Beach area. He started the companies from their inception, creating the business plan, acting as president reporting directly to the board of directors and shareholders and running day-to-day activities. Marians has started three restaurants, a retail store, prolific Internet mail order company, and an Internet consulting company. His Internet skills include design and marketing, which will prove to be of utmost importance to the success of this project.

With a B.A. in Business Administration and Computer Sciences, Marians and his corporate direction have been truly entrepreneurial. He has participated in the start-up of many companies, acting as the organizer, financial strategist and problem solver. Robert possesses dual citizenship between Canada and the U.S., helping ease the process of foreign investment. His expertise will have a prominent role in the success of CTAG.

### Ed Macroid, Chief Project Manager

Ed Macroid serves as the chief project manager for the Lodges. His education includes a B.A. in Restaurant and Hotel Management from Sierra Nevada College at Lake Tahoe. His professional experience includes start-ups of numerous restaurants and hotel management in the Western portion of the United States.

Ed's operations experience has proved to be an invaluable asset to the prosperous future of CTAG.

### Marcus Stock, Chief of Marketing and Public Relations

Marcus Stock has extensive sports/resort marketing and public relations. For over 10 years he was marketing manager of a snowboard manufacturing company, spearheading the marketing and promotions of some of the world's most popular snowboards. His education includes a B.A. in Business Administration. He is a member of numerous ski and snowboard industry professional associations.

Stock brings to the company inside contacts within the sports industry and media (print and film) professionals. His extensive sports industry and marketing knowledge is a primary asset to CTAG.

## EXIT STRATEGY

There are two possible exit scenarios:

- DPO (Direct Public Offering)
- Buy Out

DPO: If a Direct Public Offering is agreed upon, CTAG will seek new capital to add new properties and cash out investors. Each investor would have the choice of retaining some or all of their ownership. The exact amounts involved would have to be agreed upon at that time.

*Источник бизнес-плана:* <http://www.referenceforbusiness.com>



Buy Out: The buy-out option may present itself even sooner than projected. Currently there is a mass consolidation taking place in the travel/lodging industry. Large hospitality companies like Starwood and Intrawest are acquiring existing properties at an alarming rate. (Starwood has committed to acquiring over 300 properties within the next year.)

Intrawest, dealing mainly in the golf and ski travel industry, has recently closed a deal with CMH (Canadian Mountain Holidays). CMH, the world's largest Heli-Ski outfitter, has sold off 50 percent of its operations to Intrawest for an impressive \$40 million. Intrawest also has a stake in resort properties such as Squaw Valley, Mt. Tremblant, Snowbird, etc.

In either scenario, owners of CTAG will be able to cash out handsomely.

## SNOWFALL LODGE, VICTORIA

### Executive Summary

Snowfall Mountain Lodge (sometimes referred to as the "Resort" or "Lodge") is the vision of Cobra Travel, LLC, (the "Company") a group of private investors from Seattle. Cobra Travel's goal is to develop a first-class backcountry resort, nestled in the pristine wilderness of Victoria, Canada. The Resort will be leading the new trend in tourism called Adventure Travel; created for the traveler who wants more than the run-of-the-mill vacation.

The Lodge will set in the midst of 80+ square miles of mountains, meadows, lakes and streams leased from the Victoria provincial government. Activities to be offered will include ski touring, guided snowcat skiing, mountaineering, rock climbing, hiking, fishing, snow-mobiling, and mountain biking. To add to the experience, the Resort will accommodate only 36 guests personifying the attention to detail, gourmet dining, comfortable rooms and the best in service.

A skilled and creative group of experienced planners, designers, builders and managers has been assembled by Cobra Travel to develop and operate the Lodge. The total project cost will be 4.8 million Canadian dollars (\*3.4 million American funds). Management intends to raise all of the total project's costs through this offering. \*All currency conversions are based on a 40 percent exchange rate.

### Background

The Largetoon region of Victoria has long been the focus of a wide range of outdoor recreational activities. Traditional uses such as hunting, fishing, hiking and mountaineering have been augmented by newer activities such as snowmobiling, telemark skiing, cat-skiing and heli-skiing. In recent years there has been increased interest in the provision of such outdoor recreation opportunities on a commercial basis. This trend is in keeping with the rapid worldwide development of the tourism industry into a segment known as adventure travel.

Adventure travel is the term used to describe a wide grouping of commercial outdoor recreation products from cat-skiing to whale-watching, that currently account for 10 to 20 percent of the U.S. travel industry. In Victoria adventure travel generated direct revenues exceeding \$380 million (CDN) in 1997. As such, Victoria is the adventure travel market leader in North America earning substantially more than any other state or province.

Adventure travel is a relatively new phenomenon. It is experiencing very rapid growth since it is a type of tourism favored by the affluent, activity-conscious "Baby Boom" generation. In Victoria, adventure travel is expanding at a rate of between 15 and 20 percent per year. By the year 2006, it is forecasted to be generating over a half billion dollars in direct revenues.

A study undertaken by Tourism Canada on Adventure Tourism (1996) notes that Victoria currently accounts for a large majority of the Canadian adventure tourism product. This study also identified the geographical criteria necessary for the successful operation of various adventure tourism activities, and revealed that for mountain-related activities (skiing, hiking, etc.) the Largetoon region has the highest quality product in Victoria. It is not



surprising, therefore, that substantial interest exists in the development of new adventure tourism activities, particularly snow-based commercial recreation activities on Kopp's Lands in the Largetoons.

Snowcat skiing involves the use of caterpillar tracked 12-person vehicles to transport skiers to the top of mountains to access powder skiing. Snowcat skiing represents the intermediate step between the top-end heli-skiing product and lift-serviced skiing.

Snowcat skiing is fast becoming a popular alternative to both heli-skiing and destination ski resorts. The whole idea is simple: Small groups of skiers are chauffeured through the backcountry of a vast mountain range and then guided down wide-open bowls of powder. One can ski for a week without ever waiting in lift lines or worrying about congested runs. All skill levels, beyond beginner, can take advantage of the snowcat experience due to the advent of powder skis that float effortlessly through the deep powder.

Snowcat operations in the United States are becoming popular as off-chutes of established ski areas such as Aspen and Snowbird. These are snowcat-only operations; no lodging or meals are included. Only in Victoria does one see all-inclusive style snowcat resorts. The typical resort charges \$500/day (CDN) and includes basic accommodations, meals and guided skiing. Most snowcat packages last from three to six days, allowing for an average of 12,000 vertical feet of skiing per day.

The snowcat resort popularity has been fueled by the rising costs of conventional ski vacations. The average cost for two people to ski and stay in Vail for three days can easily exceed \$364 per person/day (including hotel, food and lift ticket). Ski areas are also more crowded due to the explosion of the snowboard market. No longer can a skier enjoy a day on the slopes; each run has to be executed with care to avoid potential collisions with others on the slopes. Quality of service has also diminished in the light of cost cutting and downsizing.

## Site Selection

The key for the Resort is to have access to Kopp's Land. Kopp's Land is similar to Forest Service Land in the U.S. In Victoria, over 80 percent Kopp's Land property is available for long-term lease. For our operation, a total of 55 square miles of Kopp's Land will be needed for the snowcat access area.

Site selection is crucial in many respects, including the right combination of peaks, ridge lines, vertical, streams, meadows and accessibility. But, just finding a suitable area is not enough. Once the area has been located, the process of attaining tenure with the Ministry of Environment, Lands and Parks of Victoria is next. This process takes from one to two years, requiring studies and management plans that satisfy all of the governmental powers involved. Achieving land tenure is key. The process begins by submitting an Expression of Intent (EOI) with the government. Currently, we have been given proponent status to develop a management plan for operations in the Martins area. This means that no other entity can vie for this area.

Continuing the process, the environmental impact studies and overlaid maps detailing use, migration paths, vegetation, roads, precipitation and lodge location have been completed. We expect to complete and redraft the management plan twice before being granted tenure which should be in the fall of 1999. Land tenure gives the company all legal commercial rights to a 55 square mile area with 10- to 20-year leases that can be renewed every three years, in effect an unlimited lease on the land.

This area is conveniently located just north of Jotsey, Victoria. From Jotsey, the area is 10 minutes by car, then 20 minutes by off-road vehicle or a quick seven-minute helicopter ride. The city of Jotsey, incorporated in 1888, located on the East Arm of Largetoon Lake in the heart of the Ratchet Mountains in Largetoons. Aircraft access is limited to a small airport in Jotsey with a 2,900 ft. runway accommodating 12 to 15 passenger planes and private jets. The next closest airport is located at Hotts, only 30 minutes from Jotsey, accommodating commuter (Air Canada and Canadian Regional Airlines) and private jet aircraft.

Jotsey is the perfect accentuation for the resort; offering air transportation, nightlife and plenty of turn-of-the-century ambiance.

The resort will be situated on the biggest lake in the center of the land tenure. This area of Canada, averaging 660 inches of snow per season, has many majestic mountain ranges perfectly suited for snowcat skiing, as well





as most summer sports.

## The Snowfall Mountain Lodge Experience

Winter—Our resort will take advantage of all that is available to create a skiing experience unsurpassed in quality and service. The main lodge will be a 18,000 sq. ft. log cabin with 25 guest rooms, a game room, sundry shop, and dining and meeting facilities.

The skiers' adventure begins with being picked up in town by helicopter which whisks the group to the main lodge. Once settled in, the guests convene in the dining room for the first four-course meal of their vacation. After dinner, everyone heads to the great room for introductions to their guides and basic backcountry tips, instructions, etc. The instructions include information about use of the avalanche transponders, the terrain to be covered during the upcoming days and ski rental fittings. The guests' mornings start with a hearty breakfast, followed by loading the cat for a day in the mountains.

On average, the group will get in three to four runs by lunchtime. Each run is carefully selected, by certified guides, to the ability of the skiers. Lunch is served at the cat, then back to the skiing for another five runs. Once back at the lodge, some apres-ski cocktails in the game-room or hot-tubbing to relax the muscles. Soon after, the dinner bell chimes and the group is amazed with another exquisite dining experience. The following days are just like the first; no one goes home unsatisfied.

Now for the skier with a family. We will be the only snowcat resort to provide a daily kid-focused ski camp. Kids between 5 to 16 years old will have the same opportunity for a great ski vacation, without their parents missing a turn. There will be a groomed area, near the lodge, equipped with a tow lift. Under qualified supervision, kids will get to ski, slide, eat and just play while their parents are off tackling the backcountry.

Summer—Our summer guests will have the opportunity to relax or enjoy all of the outdoor sports and recreation they can handle. From the Lodge we will offer hiking and mountain biking; from our day-lodge, guests can go fishing or water skiing in one of our boats, jet skiing, lounging at our sandy beach, swimming, aircraft sight-seeing, golf or enjoying all that the city of Jotsey has to offer.

Our main lodge will be the perfect place to get away from the hustle and bustle of the city. We will offer corporate retreats for play or work in a great atmosphere.

Also, throughout the summer we will host numerous events and seminars in the arts and environment. The day lodge is located at the entrance to our land, directly on the Largetoon Lake facing Jotsey. This property, to be purchased by the Company, has a private beach, dock and a small log cabin. Equipment at the beach will include a ski boat, fishing boats, jet-skis, sailboards, inflatable air mattresses and shade umbrellas. The log cabin will house the snack bar for the guests.

From the day lodge, our van will take the guest into Jotsey. While in town, guests can shop at some of the many quaint boutiques or soak up some of the old-world charm. Spread throughout Jotsey are more than 200 well-built buildings; some dating back to 1888. The restoration of private residences, churches, businesses and government buildings has given this city a look and feel dating back to the turn of the century. Residential heritage structures, ranging from cottages to mansions, are everywhere in the region. Two of the most striking heritage churches are the Jotsey Congregational Church with it's tall tower and stained glass windows, and the ornate St. Michael the Archangel Cathedral; both were built in the early 20th century.

As for golf, Jotsey is home to the Pinetree Point Golf Course and within 30 minutes of five other courses. Jasper Rock, an 18 hole course (par 72/5,933 yards) with spectacular views of Lookit Glacier, is five minutes from downtown Jotsey.

We also will offer aircraft sight-seeing packages. These packages would include a tour over the area and local glaciers via airplane or helicopter. Other packages will include guided and charter fishing tours, heli-hiking in backcountry glaciers and guided mountain biking.



## Objectives

The Company is currently mapping roads and the lodge site; construction and development is to commence by June 2001. By winter 2001/2002 the Lodge will be ready to take on skiers from magazines and film for early publicity. The lodge will be able to take on paying guests in December 2001. Expansion, to be considered in June 2002, will be in the form of adding cats and accommodations at the existing location.

There are two possible exit scenarios:

- DPO (Direct Public Offering)
- Buy Out

The following is the proposed development schedule, to be implemented after financing is secured:

- Design—completed
- Approval/Permit—completed
- Road Mapping—currently underway
- Construction\*—180 days - Summer 2001
- Start-up/Trail Cutting—150 days - Summer 2001

\*The construction phase will include cutting cat trails along with the building of the Resort.

## Competition

Direct competition within the area consists of nine resorts. The snowcat operations vary from ones without lodging to all-inclusive resorts. Our true competition is actually the all-inclusive resorts. These resorts offer lodging, guided snowcat skiing and meals. Currently there are only two heli-ski or cat-ski operations in the Largetoon region and 17 total operations in Victoria.

The following is a list of cat operations in Victoria:

- Cougar Paw Skiing, Inc. in Warnerville: 29 maximum occupancy on 39 square miles.
- Fife Lake Lodge in Kit Creek: 5 maximum occupancy on 10 square miles.
- Mike's Northern Skiing at Benjamin Point, 24 maximum occupancy on 45 square miles.
- Cutter Lake Hotel in Boerne: 30 maximum occupancy on 5,000 square acres.
- Carlisle Adventures in Brunswick: 26 maximum occupancy on 55 square miles.
- Wild Bill's Lodge in Yelp: 22 maximum occupancy on 90 square miles.
- Noemi Lake Skiing in Overland: Day operation only, no lodge or food.

All of the resorts run at 90+ percent occupancy throughout the winter season. In 1996, heli and snowcat operations drew over 59,000 visitors spending over 60 million dollars.

Indirect competition includes heli-ski outfits. The helicopter operations are more expensive, up to \$1,000/day, and at the mercy of the weather. If conditions are bad, the helicopter can't fly, the skier can't ski!

Our resort will differ in the service. Investigation into our targeted guests has shown that quality service and attention to details far outweighs cost concerns. Some areas of quality service include the food, staff, amenities, and our kids program.

## Development Team

The development team that we have assembled insures quality and style. The contractor and designer is Kurt Richie of Richie Design in Jotsey. He has completed over 110 projects in the Jotsey area. He deals in all aspects of construction management, contracting, computer and architectural design. The materials and assembly will be provided by Wilson Lubbock of Quality Post and Beam in Poteet, Victoria. This company has built quality homes and lodges, locally and internationally, since 1972.

Also providing an invaluable service to the company is Luevano Lumber. They have the lumber rights to the tenure



area and are currently finishing road access in the area. They are providing us with their maps, projecting roads and cutting areas. They will work with us as to areas to thin out and areas to clear cut.

Also, we have the experience and know-how of Rachel Bastian. Her background includes print communications, local Jotsey and ski industry knowledge. To date, Rachel has helped open the doors of communication between Cobra Travel and the Victoria government and local community groups. Currently she is assistant editor of the Satureen Weekly Express, a local newspaper. She has also spent two years on the province's award-winning ski team, experience which has given her invaluable insights into the ski industry from behind the scenes.

## Operating Performance

The Company believes Snowfall Mountain Lodge will be one of the most profitable backcountry ski resorts built in North America. Factors such as customer-service driven management, kid programs, gourmet dining, and the opportunity for off-season revenues will contribute to the success of the Lodge.