

Institute of Business Management of Southern Africa



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Portfolio of Evidence (PoE) Module 1 Learning Unit 1

Develop, implement and evaluate an operational plan

Unit Standard: 252032

LEARNER	
Name and Surname	
IBM number	
ID number	
Email	
Date submitted to IBM	

ASSESSOR			
Name and Surname	Selie I Boer		
Signature		SETA Reg. No.	SBOE637247520
1 st Assessment Date		C	NYC
2 nd Assessment Date		C	NYC

ASSESSMENT PREPARATION CHECKLIST

DESCRIPTION	YES	NO	COMMENTS/CONTINGENCY
This assessment is a formative assessment, and it is based on the outlined unit standard 252032 - Develop, implement and evaluate an operational plan.			
You will be assessed based on the outlined Unit Standards. The assessment activities are linked to specific outcomes/assessment criteria of the outlined Unit Standards.			
The proficiency level required for each unit standard in the cluster is 70% per specific outcome per unit standard. If you are deemed Not Yet Competent in a unit standard, you will only be required to redo (remediate those sections in that unit standard.			
Any remediation must be submitted within 30 working days after you gave received feedback.			
You will be provided with detailed feedback on your performance of this assessment through written feedback			
You will be entitled to lodge an appeal should you not be satisfied with the assessment decision of your assessment. (See appeals process in Orientation guide).			
You will be required to provide the assessor feedback on assessment procedure – this is to assist in improving the assessment practices.			
Your results of assessment and portfolio of evidence information will not be provided to any person without your written consent.			
Please complete all work in black pen or typed format. The assessor will not assess the evidence if completed in pencil.			
You are not allowed to copy from another learner. Any plagiarism committed will be viewed in a serious light and disciplinary action may be taken against you. Your work must be authentic - your own work. Your answers must be your own original work.			
Submit your answers together with the Cover page, completed Assessment Preparation Checklist, Agreed Assessment plan and certified copy of your ID document.			

Agreed Assessment Plan

Candidate's Name:		
Assessor's Name:		
Programme Title:	Module 1 Learning Unit 1 Develop, implement and evaluate an operational plan Unit Standard: 252032	
EVENT	DATE, TIME AND LOCATION	RESOURCES REQUIRED
Distance learning		Training material, equipment as specified
Complete formative assessment		Formative workbook
Complete knowledge questionnaire.		Knowledge questionnaire

Signature of Candidate: _____

Date: _____

Signature of Assessor: _____

Date: _____

Learner's Declaration

I..... herewith declare that I am ready for Module 1 Learning Unit 1 assessment, I understand the assessment process and I am happy that the assessment will be conducted in a fair manner.

In signing this, I declare that all the evidence presented in this Portfolio of Evidence is true, valid and my own work.

I declare that I have read, studied and completed my course and when a Certificate of completion is issued to me it will be a true reflection of my ability to perform duties based on the content of the course. I have obtained the essential knowledge of the course subject matter.

I know that as a member of the Institute of Business Management I underwrite the IBM Code of Ethics of which truthfulness is an inherent part.

Learner signature	
Date	

Formative Assignment

Section A : 40
Section B : 120

SECTION A

Answer the following questions:

Question 1

- I. Identify and describe the 3 levels of organisational planning. 3x3 (9)
- II. How can one align the operational strategies and the organisational strategy? 3x2 (6)

Question 2

How can one engage stakeholders in the formulation of departmental goals, objectives and performance standards? (6)

Question 3

How can a unit manager ensure that resources are managed efficiently during the implementation of the operational plan? Refer in your answer to all three types of resources. (19)

SECTION A: [40]

SECTION B

Attempt the following tasks

Task 1

In order to complete this task, you are required to read the attached strategic plan for Northwind Traders Inc.

- I. What is Northwind Traders involved in? (14)
- II. List at least five possible units or departments that Northwind traders might have. For each unit or department determine its purpose in relation to the strategic plan. (10)
- III. Using any one unit you identified above, develop an operational strategy for the unit. Ensure that the operational strategy is aligned to the strategic plan. (4)
- IV. Using the operational strategy for the unit you developed in (iii) above, develop
 - a. Three goals (6)
 - b. Five objectives and (10)
 - c. Three performance standards that are clear, concise, measurable and achievable. (6)

Task 2

This task is a follow up to Task 1 above and it is based on the attached strategic plan attached.

- I. Using the operational strategy that you developed in Task 1 (iii), you are required to develop an operational plan for that same unit. (20)
- II. Explain how and why you will implement monitoring in order to measure progress and results? (26)

Task 3

You are required to record and submit a role-play to the following scenario. (Please supply the link to view the role-play with the submission of your assignment.) Assume you are a supervisor who is evaluating the implementation of the operational plan by his or her team members. You decided to conduct a performance review to assess performance. (24)

Role-players

- Supervisor
- Employee
- Facilitator/observer (the assessor will conduct this role when he/she views the link)

Scenario

You are the supervisor of Joe, a personal banker at your branch office of First Bank. Joe is excellent with elderly customers and small-business owners. They ask for him when they come in and are willing to wait until he is available. His cross-sell ratio for current customers exceeds the goal of 2.95. His cross-sell ratio for new customers falls short of the goal of 2.10. Joe volunteers to help with special projects, especially loan projects. However, he resents working Saturdays, and he is short tempered. Joe eventually wants to be a branch manager. Joe is also punctual and has a satisfactory attendance record.

Observer's Guide

INSTRUCTIONS: As an observer (this will be the assessor), his/her role is to observe the participants and complete the attached evaluation form.

SECTION B: [120]

Institute of Business Management

STRATEGIC PLAN FOR NORTHWIND TRADERS

EXECUTIVE SUMMARY

Description of the Company

Northwind Traders, Inc. provides travel-planning services for European adventure vacations to residents of the Greater Seattle area. The service industry, including travel agencies, is one of the fastest growing business sectors of the economy, and Northwind Traders intends to capitalize on the success of this industry by taking advantage of travel planning opportunities in the Pacific Northwest.

President Heather Mitchell and Vice President of Sales and Marketing Jim Kim currently hold the company's stock. Prior to starting the Northwind Traders travel agency, Ms. Mitchell cofounded, co-owned, and operated the Northwind Traders clothing store. She has selected a small team with extensive travel, sales, and computer skills, all of whom will be invaluable to the new venture. Her co-workers bring a combined total of 35 years of travel industry experience to the agency.

Mission Statement

The mission of Northwind Traders is to become the premier provider of adventure vacations for 25- to 35-year-old professionals. Northwind Traders is dedicated to building long-term relationships with customers through quality training and customer support and wants to be recognized as the leading adventure vacation company in the Greater Seattle area. The company's goal is to grow steadily, becoming profitable by the second year of operations.

Products and Services

Northwind Traders recently became the appointed agents for Margie's Travel, one of the largest and most respected tour operators in the market. With virtually no marketing effort, Northwind Traders has sold some 200 adventure vacations in the past six months, netting \$66,800 in commissions. Sales of insurance policies and other services have added to this total and could potentially add much more. Northwind Traders offers a comprehensive range of services to support the adventurous traveller, including pre- and post-vacation briefings, travel insurance, and a directory of services specific to each destination and activity.

From desk and field market research carried out on 300 clients, it is clear that there is considerable potential in the adventure travel business. Research indicates that Northwind Traders' target market finds it difficult to obtain reliable and authoritative advice on destinations and activities. Research also suggests that the customers in this market are unlikely to purchase their vacations again from the firm who provided their last vacation due to a lack of informative sales personnel. Northwind Traders will cater to these needs and develop a strong return-customer base.

Because they are currently the only travel agency focused on European adventure vacations that is located in the Seattle area, Northwind Traders has a substantial opportunity to dominate the region. In order to maintain and improve their current position in the region, they will need to invest in a Web site, as well as database software and systems, and in refurbishing the shop premises. Northwind Traders maintains the following advantages over existing competition: ongoing support to clients; extensive knowledge of the European adventure vacation field; superior customer service; specialized training programs for staff; informative Web site; competitive rates.

Financial Forecast

Northwind Traders started as a clothing store and has expanded into the travel agency business, with its focus on adventure travel in Europe. Last year, Northwind Traders clothing store made \$200,400 profit on sales of \$1,419,500 and employed seven people.

Northwind Traders expects that by concentrating full-time on selling adventure vacations, clients will increase from the present level of 200 (achieved over a six-month period with only a part-time effort), to at least 660 in the first year, 1400 in the second, and 2100 in the third. To help achieve

this growth, Ms. Mitchell has identified three other tour operators she wishes to represent and has begun negotiations with them.

Selling between two and three vacations a day will allow the business to make a modest profit in Year One. By Year Two posttax profits should be \$304,000 and will increase to nearly \$496,000 by Year Three.

Financing Requirements

Ms. Mitchell plans to sell her shares in the clothing shop and invest the proceeds in the new travel business, Northwind Traders. In addition, she will be investing \$41,750 of her own money in the business and seeking \$83,500 from outside sources. Return on shareholders capital by Year Three is projected to be close to 100 percent. The purpose of the business plan is to communicate this highly profitable opportunity to Ms. Mitchell's partners in the clothing shop and to outside investors, and to attract interest in the venture.

Alternatively, Ms. Mitchell is considering loan finance made up of a \$41,750 two-year loan and a credit line of \$58,450. In total, about \$125,250 will be needed to fund the business during the initial months.

HISTORY AND POSITION TO DATE

Northwind Traders, Inc. provides travel-planning services to individuals and businesses in the Greater Seattle area. The business is located at 1234 Franklin Street, Seattle, Washington.

The Company's Mission

The goal of Northwind Traders is to be the leading provider of hassle-free European adventure vacations to the 25- to 35-year-old business professional market. Initially operating in the Seattle area in Washington, Northwind Traders is rapidly expanding to sell its services worldwide via the Internet. Travel service sales is the fastest growing category of business to consumer activity on the Internet, and by the year 2000, the value of this market is estimated at \$4.5 billion.

Our emphasis will be on providing a complete specialized service based on having a detailed knowledge of the vacation destination and adventure activities being offered. Market research indicates that the major criticism our type of client has of existing travel agencies is that their agents "know nothing about their products, they just open the catalogue and read," to quote one of many disappointed travelers.

By capitalizing on our experience in the Northwind Traders clothing shop, we will be able to both advise and direct our clients to the type of travel equipment they will need to get the very best out of their vacation.

Management Team and Key Personnel

Heather Mitchell, President and CEO. Before founding Northwind Traders, Ms. Mitchell owned and operated Northwind Traders, an outdoor clothing shop in the Seattle area. Prior to that, she managed the Olympia branch of one of the larger regional chains of general travel agencies operating throughout western Washington, where she was responsible for managing the office systems and a staff of four. She has a degree in travel and tourism from State University.

In addition to Ms. Mitchell, team members Jim Kim and Richard Bready will be moving into the new venture on a full-time basis, and Amy Egert has been recently recruited to cover Saturdays and vacations. Freelance business consultant Jae Pak will be advising during the business's changeover from clothing shop to adventure travel agency.

Jim Kim, Vice President Sales and Marketing. Prior to joining Northwind Traders, Mr. Kim worked for the marketing department of a major airline. His current responsibilities include the company's direct marketing campaign and all sales-related issues.

Richard Bready, Office Manager. Twenty years as a travel agent has given Mr. Bready the ideal background for Northwind Traders. A knowledgeable salesperson, Mr. Bready's expertise in the area of European travel enables him to entice the adventure traveller.

Amy Egert, Sales Assistant. After completing her undergraduate degree at the Institute of Art, Ms. Egert spent a year traveling abroad and joined the staff at Northwind Traders recently as a sales assistant.

Jae Pak, Business Consultant. With over 20 years of consulting experience in industries ranging from aerospace to technology to retail, Mr. Pak's knowledge and guidance will be instrumental to the success of Northwind Traders.

The volunteer members of the Board of Directors provide guidance to the management and staff of Northwind Traders. The board meets twice yearly to discuss policy changes, review the mission statement, and update the business plan if needed.

Members include

Lisa Jacobson, retail store owner
Holly Barrett, CPA
Jo Brown, former travel agent
William Hollands, lawyer
Lisa Garmaise, retail store owner
Tony Chor, human resource manager
Prasanna Samarawickrama, caterer

Services

We are currently the appointed agents for Margie's Travel, a major supplier in the market. Currently, Margie's Travel offers some 40 different adventure vacation packages throughout Europe, including horse trekking in Iceland; above-the-clouds trekking on islands and in remote regions in such areas as Corsica and Norway; van-supported inn-to-inn bicycling; mountain biking and hiking adventure tours throughout France, Germany, Italy, and Austria; and ballooning across the Alps.

We intend to be appointed agents by three other major adventure travel tour firms with whom we are currently in negotiation:

Enchantment Lakes Corporation. Offers rafting, sea kayaking, and yachting trips around remote European rivers and coastline areas, covering such areas as the Adriatic, the Black Sea, and Turkey.

West Coast Sales. Offers adventure vacation packages to corporate clients to use as incentives and rewards, and as part of management development programs. They are particularly strong in France, Italy, and Germany.

Exploration Air. Specializes in adventure vacations in Eastern Europe and former Soviet countries, covering Bulgaria, Romania, Poland, and Latvia.

These are three relatively new and small tour operators, but they have acquired a reputation for innovation and reliability—and they are currently underrepresented.

In addition, we will offer a comprehensive range of complementary services to support the adventurous traveller, ensuring that they will have a safe, enjoyable, and memorable experience. These services will include insurance, pre- and post-vacation briefing packs, and a directory of advice and information services particular to each destination and adventure activity.

Transportation

The vacations we will offer will use all principal travel systems, including planes, trains, buses, and where appropriate, taxis. We will aim for a standard of travel higher than that offered by the general travel industry. The feeling we are looking for is definitely not that which is engendered by the backpacker market.

Company History

Five years ago, Heather Mitchell cofounded Northwind Traders, an outdoor clothing shop in Seattle, Washington. Over the years, Northwind Traders has extended its product range to include everything the adventurous traveller could want, from tents and sleeping bags to maps, guidebooks, and insurance. The clothing shop has sales of \$1,420,000 per year (see Table 1), makes a gross profit of \$202,400, and employs seven people, either full- or part-time. A mail-order service is now provided by catalogue and via a new Web site.

Table 1. Northwind Traders Clothing Shop Performance Over Past Five Years

Year	1	2	3	4	Last Year
Sales	\$183,700	\$422,510	\$669,670	\$1,023,710	\$1,421,170
Gross Profit	\$62,625	\$167	\$100,701	\$133,602	\$201,916

Increasingly, shop customers have asked for advice on adventurous places to go on vacation.

Last year Northwind Traders acquired an agency from Margie's Travel, one of the largest and most respected tour operators in this market and began to promote and sell their products.

In the six months that we have been selling travel agency products, some 200 vacation packages, at an average cost of \$3340, have been sold. Northwind Traders' commission on the sales has been \$66,800 (10 percent commission). In addition, 35 insurance policies have been sold at an average price of \$167, yielding \$1754 (30 percent commission).

Heather Mitchell, one of Northwind Traders's founding partners, intends to sell her shares in the store and to concentrate on setting up the new travel business, Northwind Traders.

Guarantees and Warranties

Our clients will be protected financially against either our own or our tour operator's failure, by virtue of the ARC bonding held by our principals. We will only use vacation providers who can provide 24-hour emergency support services for clients while on vacation.

Business Structure

Northwind Traders is incorporated under the laws of the state of Washington. The company has authorized 10,000 shares, 6000 of which are owned by President and CEO Heather Mitchell. Vice President of Sales and Marketing Jim Kim owns 1000 shares, and the remaining shares are held by the company for future distribution.

In the next few weeks, the business will be set up as an operation independent from the clothing store. This structure will clearly separate the travel business from the clothing shop and make it possible to attract the risk capital that will be required when the business starts to grow.

At a later stage the business may wish to sell and issue airline tickets and to create its own charter vacations. This will require membership in the ARC (Airline Reporting Corporation) and IATAN (International Airlines Travel Agency Network). These organizations regulate the collection of money and distribution to the appropriate airlines. However, in the period covered by this Business Plan we intend to operate only as the appointed agents for a number of tour operators. As such we can "shelter" under their licenses and bonds.

MARKET RESEARCH

During the current period of strong economic growth, Northwind Traders can capitalize on the many significant opportunities in the travel industry.

Economic and Social Factors

Service industries represent the fastest growing sector of the national economy, and travel and tourism agencies are poised to flourish in the midst of today's economic boom. These services are projected to grow at an average annual growth rate of 4.1 percent over the period from 1990 to 2010. The travel and tourism industry thrives in a vital economy.

The general economic climate in the city of Seattle is very strong. An influx of new businesses has added to the area's prosperity, and the already large population of young professionals is growing. The city of Seattle is the centre for business in King County, with over 400,000 people employed in industries such as aerospace, transportation equipment, health services, tourism, computer software, and biotechnology.

Competitive Environment

The quality of service and the number of providers in the travel industry constantly fluctuate. Our competitive edge will be in attracting and retaining our customers with the most highly trained and well-informed individuals we can recruit. With our expertise in European adventure vacations, we will be able to provide the most accurate, up-to-date information possible.

Long-Term Opportunities

Tourism in general is on the rise, Europe looks like it will continue to be the major destination, and the Internet will be an important channel into this market. The state of the economy will be the most influential factor in how many people travel. Other driving forces for travel will include the cost of tickets, fuel prices, the threat of terrorism, and currency rates.

The current lack of leaders in the European adventure travel industry represents an exceptional opportunity for Northwind Traders to develop a dominant presence in the Greater Seattle area. With their exceptional knowledge of the adventure travel industry, strong customer base, and competitive prices, the company will be well situated to take advantage of the region's current economic prosperity.

Geographic Area

Northwind Traders is based in Seattle, Washington, and targets individuals interested in adventure vacations in Europe. The region comprises the incorporated cities of Redmond, Bellevue, and Tacoma and the encompassing counties of King, Snohomish, and Pierce.

Market Description

The Greater Seattle area—including all of King, Pierce, and Snohomish counties—is home to approximately 3 million people (1994 figure), half of whom fall within our target market. Seattle's job rate is climbing at a rate of 10 percent each year, and new jobs and growth are expected through the year 2007. Seattle has become a world-class destination, and the downtown retail and shopping core has grown steadily over the last decade. The following major facilities reside in the Greater Seattle area: an international airport, several major medical centers, a state university, and four other colleges and universities.

The percentages of employment by industry are as follows: 28 percent services, 25 percent wholesale and retail, 16 percent manufacturing, 14 percent government, 6 percent transportation and communication, 6 percent finance and insurance, and 5 percent construction.

Target Customers

Seattle/King County's labour force is highly educated, skilled, productive, and stable. It consists of individuals who are deeply attached to the area and have tended to stay and wait out past periods

of economic downturn. The vital economy, the Northwest lifestyle, and its unique environmental qualities attract people. Both public officials and business leaders recognize the need to keep our labour force well equipped with marketable skills.

From within this population, our target customers are individuals who are professionals with incomes of \$40,000+, ages 25 to 35, single or married, without children, and college educated.

Market Definition

The world travel market is forecast to expand at a 4.1 percent average annual growth rate until 2010. This is faster than the general economic growth rate, which is expected to be around 2.4 percent per year.

The European market, while not the fastest growing, will be the most important destination, accounting for over 50 percent of all international arrivals (see Appendix 1). Within Europe, France, Italy, and Spain are the most popular destinations. This is why we have selected tour operators with appropriate products in these areas as our initial partners.

Figures for the size and projected growth of adventure vacations are sketchy, but the figures from one recent study (World Adventure Travel Data Corp.) are in Table 2.

Table 2. Adventure Travel Vacations - World forecast (Million Arrivals): 1990 - 2010

Destination	1990	1997	2003	2010
Europe	0.25	0.60	1.60	2.35
N. America	0.45	0.60	1.40	2.20
Rest of World	<u>0.10</u>	<u>0.25</u>	<u>0.95</u>	<u>1.10</u>
Total	0.80	1.45	3.95	5.65

Age	1990	2010
	%	%
16 - 24	61	38
25 - 35	20	31
36 - 45	15	25
46+	<u>4</u>	<u>6</u>
	100	100

Source: WATD Corp. 1997

Market Opportunities

We believe that by concentrating on the European travel market, offering a limited but extensive range of vacation packages, and targeting our service at affluent professionals, we can meet the needs of our clients. Our specialized knowledge of Europe and adventure travel will allow us both to satisfy our customers and to surpass the services offered by our competitors.

Our market study has shown that the group composed of affluent professionals has specific needs that are not currently being met, as 65 percent of those planning vacations would not purchase them from the same source again! Specifically, they want their travel agent to have comprehensive knowledge of the destination (87 percent); to have an efficient administration system in which they can have confidence (84 percent); to go on vacation with similar professional people (81 percent); and to be offered useful advice and ancillary services such as insurance (79 percent).

In addition, our market study confirms that Europe is likely to be the largest destination market for adventure vacations. Our study shows only 30 percent of adventure travelers to be under 24 years of age, while the World Adventure Travel Data study claims 61 percent is under 24. We feel the difference is because our survey sample is confined to relatively affluent people who had spent at least \$350 on adventure clothing (see Appendix 1).

One further emerging market segment for adventure vacations is that of corporate clients. Our research suggests that up to one in five adventure vacations is at this top price end of the market.

Competitive Analysis

Northwind Traders is the only travel agency located in the Seattle area that is focused on European adventure vacations. However, there are many adventure travel agents in capital and secondary cities such as Redmond, Bellevue, and Tacoma that compete with Northwind Traders to provide adventure vacation packages. These agencies are described below:

- **General Travel Agents**
These agents have added adventure vacations to their services but often have little or no knowledge of adventure destinations or activities. They sell literally from the page, offering limited advice, information, and support. According to our market study, 40 percent of adventure vacations are booked through these general travel agents, but only a third of clients would use them again.
- **Adventure Tour Operators**
These tour operators who advertise their vacations in the press attract about a quarter of all adventure vacation clients. However, clients have to shop around several tour operators to find what they want, and clients cannot get unbiased advice or much help with information. Only 45 percent would go back to a tour operator for their next vacation.
- **Independent Travelers**
These travelers comprise about 15 percent of those going on adventure vacations, of whom 65 percent would travel that way again. We need to persuade this group that our superior product knowledge and service is worth their consideration.
- **Internet Providers**
These providers sell only 5 percent of adventure travel vacations; however, 70 percent of adventure travelers would buy their next vacation via the Internet. There is plenty of scope to offer a superior Web site. We believe that by having daily face-to-face contact with clients, we will be better able to manage a fresh, vital, and relevant Web site aimed at the specific needs of our market segment.
- **Specialist Adventure Travel Agencies**
These agencies sell only about 15 percent of travel packages at present, but we feel this is partially due to lack of client awareness and to the comparative rarity of such outlets. We will differentiate ourselves from our competitors by offering the most extensive material available from the most up-to-date, well-informed staff. Clients will return for our service, knowledge and competitive prices.

These findings are some of the most powerful results of our research. While general travel agents may be the most likely resource for those travelers taking an adventure vacation, they are in fact the least likely place those clients will return to. Although specialist adventure travel agents, such as the business we are setting up, account for only 15 percent of the market, 65 percent of clients would use them again. We aim to increase this percentage through our superior service.

Competitive Advantages

Some 65 percent of those clients using specialist adventure vacation travel agents would use them again—many more than would use either a direct tour operator or a general travel agent.

However, these agents were criticized for having such a wide range of activities and destinations that their sales agents knew little about them. Our research shows that while 41 percent of clients take adventure vacations in Europe, only 23 percent of the 5000 adventure tours offered are for European destinations.

We feel that by concentrating on European destinations, which is the largest market for both vacations in general and adventure vacations in particular, we will be able to have superior product knowledge. We will need to know only perhaps 100 destinations and activities well, rather than have only a passing knowledge of the 5000 adventure vacations available.

Our market research has also shown that many adventure travel agents are catering to the backpacker market, consisting mostly of individuals who are under 24 years of age and are generally very cost conscious. This can lead to very different types of clients ending up at the same destination, with some consequent dissatisfaction. The backpacker market requires a much lower level of service and information than does the market for the more affluent 25- to 35-year-old professional.

Competitors' Positions

The two major competitors of Northwind Traders are Ferguson and Bardell, and Lakes & Sons. Ferguson and Bardell is the strongest competitor of Northwind Traders, due to its strong client base and experienced owner. However, its press releases are of a very low quality, and its location is undesirable, with difficult parking and limited customer service space. In addition, Ferguson and Bardell lacks the knowledge and expertise in the field of European adventure travel that is valued so highly by the clientele of Northwind Traders.

Lakes & Sons will be a formidable competitor for Northwind Traders because of its prime location, well-established business, and extensive training program.

Potential Future Competition

Northwind Traders will occupy a specialized niche in the travel industry, with its focus on adventure vacations in Europe. Although it is currently the only European adventure travel agency located in the Seattle area, competitors do exist in nearby areas (see above). In order to stay competitive, Northwind Traders will need to establish itself as the leader in adventure travel planning for Europe with its superior product knowledge and high-quality service. The lack of current adventure travel providers in the area represents a unique opportunity for Northwind Traders to expand in a rapidly growing market.

BUSINESS STRATEGY

With Northwind Traders' expertise in European adventure travel, we can create customized travel itineraries for our clients and provide the most thorough, informative adventure travel service available. By offering superior customer service, Northwind Traders can distinguish itself from its competitors.

Customer Incentives

Our market research shows that publicity has the greatest impact on people's choice of an adventure vacation travel agent, followed closely by having the right location and having a recommendation from a friend, relative, or colleague.

General press advertising seems to be fairly ineffective in this sector, and event specialist press advertising only brings in one out of seven clients. (See Appendix 1, Summary of Findings from Market Research.)

Advertising and Promotion

Our advertising and promotions will pivot around six key strategies: public relations, our shop front, an Internet Web site, customer relations, press advertising, and our association with the Northwind Traders clothing store.

Public relations. We will put considerable effort into preparing and disseminating a regular flow of press releases. These will be based on stories about our destinations, activities, corporate clients,

and our staff. We will employ a public relations adviser to help us write copy and locate publications editors.

Shop front. We plan to have an exciting, informative, and actively managed display window. There will be a video display showing adventure vacations in progress. Different destinations can be selected from outside the window via a control panel; otherwise, the scenes will rotate on a random basis.

Internet Web site. This is fast becoming a major promotional channel, and we believe it will increase in importance over time. Also, it is the most convenient way for us to have a global presence at the outset.

Customer relations. We will keep records of every sales contact. Data such as source of inquiry, client needs, previous vacation, job, and income will be included. By having superior information on our clients and prospects, we intend to offer a truly personalized service. Our database will contain full details on all our clients, including the vacations they have taken and their post vacation appraisal data. We will use this data to encourage our satisfied customers to recommend our services to friends, relatives, colleagues, and employers.

Press advertising. We will undertake a small amount of press advertising in order to enhance our public relations activity. There is considerable research to support the argument that the more often a potential client hears about you, the more likely they are to approach you when they have a need for your type of service.

Northwind Traders association. We will write to all past shop clients announcing the establishment of the travel business and offer them a special introductory adventure vacation package.

Sales and Marketing

Excellent selling skills are vital in our type of business. Therefore, everyone will be fully trained in sales. Additionally, every month we will "audit" each other by observing half-a-day's selling activity and giving feedback on strengths and weaknesses in skills.

We will also be using a "contact management" system that will allow us to monitor the effectiveness of different promotional strategies and of different marketing messages.

The key to our strategic advantage lies in having superior data on prospects and clients.

Commission

The normal commission paid to travel agents for this type of vacation is in the 10 percent to 15 percent range. While Margie's Travel, the first agency we have been appointed to, pays us at the lower end of the scale, they are a prestigious firm to represent. Having them in our portfolio will enable us to negotiate much higher commissions from our new principals. Accordingly, we are planning on an average travel agency commission of 11 percent, rising to 13 percent by the end of Year Three. Commission on insurance and other services will be 30 percent.

NAMES:	FORMATIVE TASK 3 US 252032 EVALUATION CHECKLIST DATE: TIME:
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EVALUATION CRITERIONS	Yes	Marks	No	COMMENTS OR ACTION REQUIRED
Was the supervisor prepared?		/2		
Did the supervisor start the appraisal with a warm-up?		/2		
Did the supervisor ask the employee for his or her opinion of his or her performance?		/2		
When the supervisor assessed the employee's performance, did he or she use specific examples?		/6		
Did the supervisor offer suggestions to help the employee?		/4		
Did the supervisor explain the consequences of improving/not improving performance to the employee?		/4		
Did the supervisor solicit self-development goals from the employee?		/4		
Total		/24		
General comments				
Name of facilitator/ assessor		Date	Signature	

Total marks are 160

Learner achieved _____ marks.

Competent: YES / NO

Assessor Name: _____

Assessor Signature: _____

DATE: _____

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