

**BRITANNIA BEACH HISTORICAL SOCIETY:**

**AN ANALYSIS**

by

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Master of Engineering, University of British Columbia, 1992

Research project submitted in partial fulfillment of

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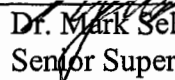
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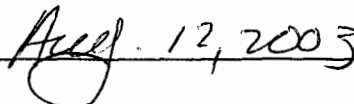
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Britannia Beach Historical Society: An Analysis

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## **ABSTRACT**

The Britannia Beach Historical Society (BBHS), which owns and operates the BC Museum of Mining, runs the museum as a more-or-less self-sufficient organization, with minimal government or industry funding to support it. However, BBHS realizes that the current self-sufficiency, dependent primarily on rental of museum premises to the film industry, is not likely to be sustainable in the long term. The society also faces a great challenge in terms of addressing public safety issues surrounding the stability of a large heritage structure on its property. This has raised concerns among the BBHS executive regarding the survival and long-term sustainability of the museum.

Given its location and setting, the museum land has great development potential, particularly in the context of the Vancouver/Whistler winter Olympics scheduled for 2010. Both for-profit and not-for-profit/public sector entities have expressed informal interest in developing the property. In addition, the Britannia Beach property surrounding the museum lands is currently going through a change in ownership, which is anticipated to result in major developments in the area. These scenarios have brought to light several potential avenues for BBHS to secure the funds needed for the long-term sustenance of the museum. This paper examines these options closely in the context of the museum's current situation.

Based on the analyses undertaken, expanding the museum and heritage site in partnership with a public or not-for-profit organization and diversifying the

museum experience is recommended as the most attractive strategy for BBHS in ensuring a sustainable, long-term operation. It is also recommended that the society look into obtaining funding for capital works needed to address public safety and visual appeal issues associated with the museum lands and heritage structures and the possibility of leasing a part of the society's property to raise additional operational funds.

# **DEDICATION**

To Ammamma

## **ACKNOWLEDGEMENTS**

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# 1 INTRODUCTION

## 1.1 Preface

Museums, art galleries and other cultural/heritage institutions in Canada today play in a rapidly changing operating environment. In the face of diminishing government support and intensified competition from 'attractions', these institutions are re-evaluating the traditional assumptions of what they are and what their mandate is. The challenge of balancing financial stability and the need to be popular, publicly responsive and sustainable, with maintaining integrity and staying true to their social mandate has never been greater for Canadian cultural/heritage institutions. This is especially true for the numerous small community museums/heritage centres scattered across the country.

The British Columbia Museum of Mining (the museum) has been able to meet this challenge to some degree and has been able to sustain itself in the face of declining government support. The Britannia Beach Historical Society (BBHS), which owns and operates the museum, runs it as a more-or-less self-sufficient organization, with minimal government or industry funding to support it. Almost 80% of current operational funds come from museum admissions and rental of the museum premises to the film industry. However, BBHS realizes that the current self-sufficiency, dependent primarily on the film industry, is not likely to be sustainable in the long term. BBHS also has a major concern in terms of the structural instability of a large historic ore concentrator building and the liability associated with a potential failure of the structure or its elements. The society

does not have the financial resources to address this issue, which poses a significant threat to the survival of the society and the museum.

BBHS would also like to realize the full potential of the museum lands, which have significant real estate value, and draw in a larger share of the highly attractive Vancouver-Whistler tourism market by facilitating the development of the property to accommodate the needs of a wider segment of the tourist traffic. One of the biggest hurdles facing development of the area is the large degree of soil and ground water contamination associated with historic mining operations at the site. Soil and groundwater contamination is extensive and spreads over most of the Britannia property.

The museum is also central to the Britannia Beach community, which is receiving considerable attention both due to the highly publicized environmental concerns associated with the historic mining activities at the site and the great travel and tourism potential it has in the light of the up-coming 2010 winter Olympics in Vancouver/Whistler. The site is often seen as a symbol of the 'evils' of mining and irresponsible environmental management, largely due to the dilapidated appearance of the ore concentrator building, a very visible landmark along the Sea-to-Sky highway. In the context of the spotlight that the Olympics brings on BC and Canada, it is likely that all levels of government and the mining industry will show a significant interest in rectifying this image. This presents BBHS with a potential opportunity to raise capital funds from these sources to undertake the badly needed restoration of the site and heritage structures.



This project provides a comprehensive analysis of BBHS' current strategic situation and examines the alternative strategic options the society has in trying to ensure the museum's long-term sustainability. Strategic alternatives are developed based on the overall assessment of the current situation – both external and internal to BBHS. An evaluation of the alternative strategies and recommendations on future direction are provided in closing.

## **1.2 Britannia Beach Historical Society and the BC Museum of Mining – An Overview of the History**

The British Columbia Museum of Mining, a designated heritage site, is located at a once-active copper mine, 50km north of Vancouver. The museum property covers approximately 40 acres of land with more than twenty heritage structures on it. All these structures are associated with the Britannia Copper Mines, which remained in operation from 1904 to 1974, and by the 1920s, was the largest copper mine in the British Empire. The mine's workforce lived with their families in two distinct communities - one at the mine site on Mount Shear and the other, on the Beach. While the Mount Shear community disappeared following the closure of the mine in 1974, the Britannia Beach community remains as a unique heritage resource.

The Britannia Beach Historical Society, a not-for-profit body, was created in 1971 with the primary purpose of establishing a museum of mining that would collect and display artifacts, pursue research, demonstrate mining techniques and promote interest in mining activities throughout British Columbia. The museum opened its doors to the public in 1975, one year after the closure of the mine. The

museum land was initially held on a 20-year lease by BBHS. In 1979, the ownership of mine property changed, and one of the terms of the property transaction was that 16 hectares of land would be held in trust for BBHS, pending subdivision of the property. In 1986, clear title to museum land, including 22 heritage buildings and many of the mine records and artifacts, was transferred to the society (Mullen, M, 1992).

The museum, which continues to be owned and operated by BBHS, remains the society's sole operational element today, and the BBHS has become synonymous with the museum.

### **1.3 The Problem – an Organization at Cross Roads**

The museum has been able to maintain a relatively steady attendance over the past decade, which, supplemented heavily by rental income from the film industry, has enabled BBHS to keep it operational under diminishing government and corporate support. However, there has been no real growth in the number of visitors and the average annual attendance remains at the 1990 levels of around 30,000. There are also issues surrounding the safety and stability of the large ore concentrator building, a key heritage resource, and the liability implications of any potential public safety breaches on BBHS and the museum. This has raised concerns among the BBHS executive regarding the long-term sustainability of the museum. BBHS recognizes that increasing museum attendance and addressing the public safety and liability issues related to the concentrator building are critical to

the survival and long-term sustainability of the museum. Both are efforts requiring financial input significantly beyond the society's current capabilities.

BBHS also realizes that, given its location and setting, the museum land has a great development potential, particularly in the context of the Vancouver/Whistler winter Olympics scheduled for 2010. A couple of developers have expressed informal interest in the property as the site of a destination attraction/amusement park. Indications of interest have also come from a research group at University of British Columbia wishing to set up a research center within the museum lands, and Natural Resource Canada wanting to examine the potential for a world-class interpretive center on mining at the site. In addition, the Britannia Beach property surrounding the museum lands is currently going through a change in ownership. It is anticipated that this would likely lead to major developments in the area and generate interest in the museum property. These scenarios have brought to light several potential avenues for BBHS to secure the funds needed for the survival and long-term sustenance of the museum. More importantly, they present potential opportunities for BBHS to enter into collaborations that would help the society go beyond the somewhat limited mandate of the museum and realize the full potential of its site and heritage resources.

BBHS needs to examine these scenarios closely in the context of its mandate and internal capabilities, as well as the viability and sustainability of the opportunities presented by each, and choose a direction that would enable it to fulfill its mandate in the long run.

## 1.4 Approach

The purpose of this project is to analyze development strategies of the Britannia Beach Heritage Society. In identifying and evaluating options, the issue of 'development' can be approached in several ways:

1. From a purely real-estate perspective: how can the real estate value of the society's property be maximized?
2. From a purely 'preservationist' perspective: how can an important element of the country's history and heritage be preserved?
3. From a socio-economic perspective: how can the society's resources be utilized to improve the socio-economic conditions of the Britannia community?
4. From a sustainable heritage attraction perspective: how can the society develop the museum into a sustainable heritage attraction that fulfills its 'educational' mandate?

This project is completed from the fourth perspective - developing a sustainable heritage attraction, a decision that was based primarily on the stated mandate of the museum and the clear views expressed by the society's executive. The society's basic goal is to establish a not-for-profit operation that is sustainable in the long-term and fulfills the museum's stated mandate of enhancing public awareness on the past, present and future of mining in British Columbia.

The analysis presented here follows the sequence of strategic appraisal of the external and internal situation of BBHS, followed by an evaluation of strategic

alternatives that are available to the society and identification of the alternative that fits best with its objectives and resources/capabilities.

## **2 EXTERNAL ENVIRONMENT AND COMPETITIVE CLIMATE**

For any organization, a clear understanding of the nature and dynamics of the external environment – essentially, the industry/market in which it plays and the competitive conditions it faces – is necessary for deciding on a long-term direction, setting appropriate objectives and developing a winning strategy. This chapter examines the external environment within which BBHS operates, discussing the dominant features and competitive forces of the market in which BBHS competes and identifying the key factors for competitive success.

### **2.1 Market Analysis**

#### ***2.1.1 The Resident Market***

The Greater Vancouver Regional District (GVRD) and the Squamish-Lillooet Regional District (SLRD) make up the museum's primary resident market. The following paragraphs examine the two regions in terms of size, population growth trends and demographic shifts.

##### **2.1.1.1 Greater Vancouver Regional District**

GVRD has been one of Canada's fastest growing metropolitan areas. Total population of the region grew by 24% over the 1991-2001 period. Latest statistical data estimates the current population of GVRD to be 2.1 million. Population forecasts developed by the BC Ministry of Management Services in

2001 estimate that the population will grow by 15% over the next 10 years, reaching up to almost 2.5 million by 2012. In addition to numbers, the make-up of the population is also expected to shift. While the percentage of working-age population (18-24 and 25-64 years) is expected to remain more or less the same, the percentage of 0-17 year olds is expected to drop from the current value of 20.4% to an estimated 17.5% by 2012. The percentage of the population that is retired is expected to go up by almost 2 points over the next ten years (Government of BC, 2002).

The cultural make-up of the population has also been changing. GVRD is the most culturally diverse in BC, and immigrants account for over 35% of the region's population. In 1991, 71% of GVRD's population had English as their mother tongue. This dropped to 65.4% by 2001. The number of people listing French or another European language as their mother tongue is generally decreasing. An increasing percentage of the population is listing an Asian language like Chinese, Punjabi or Vietnamese as their mother tongue. This trend is expected to continue, as GVRD is likely to remain a preferred destination for recent immigrants to the country, with Asian-born individuals continuing to be the largest immigrant segment.

The population of GVRD is also one of the most educated in BC, with 17.5% of the adult population holding a university degree in 1996, compared with a provincial average of 13.6%. The region also has one of the highest average employment incomes in the province, with almost a quarter of the households

reporting an annual income of \$80,000 or above a year (Government of BC, 2003).

#### **2.1.1.2 Squamish-Lillooet Regional District**

Like GVRD, the rate of population growth in SLRD has consistently been higher than the provincial average and has grown by 3.5% over the last 10 years, reaching above 35,500 in 2002. BC Ministry of Management Population forecasts suggest that this growth trend is expected to continue, growing by almost 30% over the next 10 years and crossing 45,000 by 2013. The change in population mix in terms of age structure is expected to be similar to GVRD, with an even sharper degree of decline in the percentage of school-age population (22.7% to 18.1%) and increase in the percentage of retired population (6.6% to 9.3%) between 2002 and 2012 (Government of BC, 2002).

SLRD is much less diverse than GVRD, in terms of ethnic/national origin of the population. Based on the latest (2001) census data, foreign-born population accounts for less than 20% of the regions total population. 79% of the population considers English, and less than 1.5% considers French as their mother tongue (Government of BC, 2003). Unlike GVRD, inter-provincial migration, and not immigration, has been the major player in SLRD's population growth. Primary factors that have driven the region's growth are the increase in the number of people moving from large urban centers to smaller communities for lifestyle reasons, increasing affordability of housing when compared to the GVRD and increasing number of retirees moving to the Whistler area. Given these driving



factors, the current demographic traits of the population moving into the region is not likely to change significantly over the next several years.

The percentage of the region's adult population with a university degree is estimated to be much lower in comparison to the GVRD, and, at 13.1%, was slightly below the provincial average of 13.6% in 1996. The number of households in the region with an annual income of \$80,000 or more is estimated to be 21.5% slightly above the provincial average of 20.3% (Government of BC, 2002).

### ***2.1.2 The Tourism Market***

According to the marketing research conducted by Tourism Vancouver – Greater Vancouver Convention and Visitor's Bureau in 2002, an estimated 8.3 million overnight visitors traveled to the Vancouver Coast and Mountains region in 2001. Canadians from within British Columbia and other parts of the country accounted for 57% of these visitors. United States accounted for the largest share of international visitors at 27.5% and British Columbia accounted for the single largest visitor segment, at 30% of the total. The Asia-Pacific market contributed 9% and the European market contributed 4.5% to the total overnight visitors in 2001.

Overnight visitors spent an estimated \$3.5 billion in the region – 39% of the tourism revenue throughout BC. 10% of the total spending by visitors, or an estimated \$350 million, was on recreation and entertainment. Spending on outdoor activities, cultural events and attractions as a percentage of total

expenditure, was the highest for regional visitors from the United States (Washington, Idaho, Montana, Oregon and Alaska) at 13% and lowest for visitors from other provinces of Canada, at 6%.

Approximately two-thirds of all overnight visitors to the region visited Vancouver while in the region. European and Asia/Pacific travelers visited Whistler in the greatest numbers (36% and 23% of total visitors, respectively). The majority of overnight visitors from areas within BC other than GVRD traveled to Vancouver, while 40% of the GVRD residents on overnight tour within the Vancouver Coast and Mountain region visited Whistler (Tourism BC, 1998).

## **2.2 End-User Analysis**

BBHS competes with a wide range of players in the broad Arts, Entertainment and Recreation sector, defined under the North American Industry Classification System (NAICS) as “...*comprising of establishments primarily engaged in operating facilities or providing services to meet the cultural, entertainment and recreational needs of their patrons*” (NAICS 2002). While the society’s current operations are limited to the museum, which falls under the sub-sector, Heritage Institutions (NAICS 712), BBHS essentially competes with all players in the broader sector for the disposable time and income set aside by the general public for their leisure. The array of culture, entertainment and recreation opportunities available to Canadians today is remarkably wide - ranging from performing arts, spectator sports, amusement parks, arcades,

gambling facilities, marinas and other amusement and recreation facilities to reading, listening to music and creating visual art and craft. In this context, understanding the key factors that influence public's choice of one activity over the others is crucial in planning and structuring the facilities and services offered by the players in the sector.

The most comprehensive data available on the characteristics – behaviors, perception and attitudes – of the consumer/end-user of the Canadian culture, entertainment and recreation services is through a 2000 Statistics Canada, Culture Statistics Program report titled *Patterns in Culture Consumption and Participation* (Ogrodnik, L, 2000). The report was based on the analysis of general social survey (GSS) data collected by Statistics Canada in 1992 and 1998 and provides useful information for segmenting and identifying the leisure time activities of Canadians. Data generated through the GSS is considered to be more indicative of end-user behavior that is relevant to BBHS when compared to the annually updated household expenditure surveys. Much of the end-user profiling provided here is based on the latest two sets of GSS data available – 1992 and 1998.

### ***2.2.1 Canadian Leisure Time***

According to the general social survey conducted in 1998, Canadians aged 15 years and older reported having, on average, 43.4 hours of free time (outside of the time allocated for both paid and unpaid work, sleep, education and personal care) per week.

The average amount of free time – time over which one has a great degree of discretionary power – available to Canadians per week had increased by a mere 35 minutes over the 1992-98 period. Even though it is difficult to predict whether Canadians will have more free time in the future, this lack of increase has significant implications for business and not-for-profit entities competing for a segment of the ‘disposable’ time of Canadians.

### ***2.2.2 Canadian Leisure Activities***

According to the 1998 GSS, a large percentage of the free time available to Canadians was spent in recreational/entertainment activities in the house, socializing with friends and family and participating in voluntary or civic activity. The average amount of time that Canadians set aside for movies, sports and other active leisure activities was limited to approximately 15 hours a week.

The 1998 GSS indicated almost 30% of Canadians 15 years of age or older, visited a heritage attraction in 1998. This was slightly below the 1992 figure of 32%. Conservation areas and nature parks were the most popular heritage attractions, visited by 45% of all Canadians in 1998. Zoos, aquariums, botanical gardens, planetariums and observatories, along with historic sites were the next most popular, each attracting 32% of adult Canadians in the same year. Science and technology, natural history and nature science museums attracted 13% and general, human history or community museums attracted 11% of adult Canadians in 1998.

In comparison to 1992, the popularity of heritage attractions in general was lower in 1998, with fewer Canadians visiting zoos, aquariums, botanical gardens, planetariums and observatories. However, historic sites, public galleries, science and technology centers and natural history and nature science museums all gained popularity over the 1990s (Ogrodnik, L, 2000).

Data from the Heritage Institutions Survey, a voluntary survey of not-for-profit Canadian heritage institutions conducted by Statistics Canada - Culture Statistics Program (CSP), for the 1991-92 and 1997-98 periods generally concur with the findings of the GSS. The CSP survey indicates that attendance at institutions like planetariums, zoos, aquariums and botanical gardens decreased by 21% over the 1991-92 to 1997-98 period. This survey also indicates that overall museum attendance increased by 12% over this period. This increase in museum attendance is likely to be reflective of the increased awareness of the public's needs on the part of museums and their efforts on creating a compelling experience that draws a larger and more diverse segment of the population.

### ***2.2.3 Canadian Spending on Heritage Attractions***

The average amount spent on admission to heritage attractions increased from \$22 per family in 1992 to \$32 per family in 1998 – a jump of 45% in current dollars, or 18%, in constant dollars (GSS 1992, 1998). This increase in spending, however, was not reflected in total attendance levels at heritage attractions, which actually dropped from approximately 55 million to 54 million between 1992 and 1998 (CSP 1991-92, 1997-98). This increase in spending can most likely be

attributed to the increase in number of heritage institutions charging fees for admission and increases in admission rates.

## ***2.2.4 Profile of Canadians Visiting Heritage Attractions***

Heritage attractions include a wide array of establishments, attracting an equally wide range of visitors, and attempting to generate the profile of a typical 'heritage attractions visitor' would be nearly impossible, not to mention irrelevant. Data collected by the GSS, however, gives a fairly good idea of which segments of the general population are most likely to visit which type of attraction/institution, and how attendance is likely to be influenced by demographics.

### **2.2.4.1 Age**

In the 1998 GSS, people in the 25 to 44 year age bracket reported having the highest attendance figures for zoos, aquariums, planetariums and conservation areas/parks – with almost 40% of all Canadians within the age bracket attending these attractions in 1998. The highest rate of attendance at public art galleries (27%) as well as science and technology, natural history or nature science museums (19%) was reported by youth between 15 and 19 years of age. Attendance at historic sites and museums of a more general nature, like community or human history museums was quite even across the age groups. Canadians aged 60 and above reported a generally low attendance at all heritage

institutions. Conservation areas and nature parks (27%) and historic sites (23%) were the two attractions visited by this segment in the largest proportion.

#### **2.2.4.2 Education**

Educational background, or level of education, of Canadians appears to have a positive influence on attendance at heritage attractions. A greater proportion of Canadians with graduate degrees reported visiting all types of heritage attractions in 1998. Without exception, segments with a lower level of education reported a proportionally lower attendance at all heritage institutions (GSS 1998).

#### **2.2.4.3 Language Spoken and National Origin**

English-speaking Canadians reported a higher rate of attendance at public art galleries, historic sites, conservation areas, and science and technology, natural history and natural science museums in 1998. French-speaking Canadians reported the highest attendance rates at commercial art galleries. Attendance rates reported by Canadians speaking languages other than English or French was the proportionally much lower for all heritage attractions, except conservation areas and nature parks. 39% of this segment reported visiting conservation areas and nature parks, in comparison with 34% of Francophones.

A larger proportion of Canadians born in the country are generally likely to visit all heritage attractions except zoos, aquariums, botanical gardens and planetariums. This group of institutions attracted a greater proportion of

Canadians born outside Canada (38%, compared to 34% of Canadian-born individuals) in 1998. Difference in the proportion of Canadian-born and foreign-born individuals visiting heritage institutions was most pronounced for historic sites (37% vs. 30%).

#### **2.2.4.4 Family Make-up**

In 1998, a higher proportionally higher percentage of Canadian families with children under 12 visited zoos, aquariums, botanical gardens and planetariums (46%) as well as conservation areas and nature parks (52.5%) compared to families with no children or children over 19 years of age, both reporting lowest attendance at these facilities (on average, 31.5% and 42.5%, respectively). Attendance at historic sites was generally even for all types of families, except those with children under 4. Families with children aged 4 and under reported a lower attendance at historic sites – only 8% of such families reported visiting a historic site, compared to an almost even 11% for all other segments of the population.

In summary, the points that are most relevant to BBHS in terms of end-user characteristics revealed by the general social survey data (GSS 1992, 1998) are:

- The total leisure time available to Canadians does not appear to be increasing. In other words, BBHS is likely to continue competing with an increasing number of players for a piece of the somewhat stagnant ‘disposable’ time available to Canadians.



- Canadians' interest in museums and historic sites appear to be increasing in comparison to other heritage institutions like planetariums, aquariums, zoos and botanical gardens.
- Total spending on heritage attractions by Canadians increased considerably over the past decade; however, this increase in spending did not translate into an increase in the number of visitors at these attractions.
- Canadians with higher levels of education tend to visit heritage attractions more frequently when compared to those with lower levels of formal education. English-speaking Canadians, and those who are born in Canada tend to visit historic site more often and in greater numbers than non-English speaking Canadians, and individuals born outside Canada. Foreign born and non-English speaking residents appear to prefer other heritage attractions like zoos, aquariums, botanical gardens and planetariums to historic sites and museums. Canadians aged 60 and above tend to have a generally low attendance at all heritage institutions and historic sites are among the attractions visited by this segment in the largest proportion.

### **2.3 Competitive Forces**

The number of establishments, both for-profit and not-for-profit, competing in British Columbia's art, entertainment and recreation industry is

practically infinite. With the rapid changes in technology, new 'products' as well as new venues and vehicles for delivering them, seem to be mushrooming when it comes to entertainment and recreation. Also, with more and more of the traditional heritage institutions such as museums and art galleries relying on attendance for survival under diminishing government support, competition is intensifying among players in the arts, entertainment and recreation industry, establishments are forced to continually look at ways to remain profitable – or at least sustainable - under the pressure of market forces.

Professor Michael Porter of the Harvard Business has demonstrated that the state of competition in an industry is a composite of five competitive forces: rivalry among competing sellers in the industry, potential entry of new competitors, attempts by firms in other industries to win customers over to their own substitute products, power of suppliers and power of buyers. This section examines these five key market forces and the role each one plays in the current competitive atmosphere of the entertainment and recreation industry.

### ***2.3.1 Rivalry Among Competitors***

Rivalry is typically high when market growth is slow, which is the current situation with the BC arts, entertainment and recreation industry in general, and the heritage sector in particular. Over the past decade, although there have been indications of an increase in overall spending on heritage attractions by Canadians, total attendance has remained stagnant. Demographic trends indicate that age segments that are proportionally most likely to participate in heritage

activities – adults under 60 years of age – are expected to shrink in the future. In addition, there has been no increase in the free time available to Canadians to undertake recreational or entertainment activities. This trend is very likely to continue as more and more families have two working parents, with less time and money with which to undertake leisure activities. All this has generated intense rivalry between competing players in the heritage attractions market, as each establishment tries to expand their share of a somewhat stagnant market. A lot of heritage establishments have started widening their ‘scope’ or focus to attract a broader segment of the population and modifying their facilities and services to reflect the needs of the demographic segments that have not been part of their traditional target audience.

The recent slump in the tourism sector has also intensified the rivalry among players in the entertainment and recreation industry in British Columbia. Although this sector is expected to revive from the current slump in the near future, growth in the proportion of international tourists is likely to be slow, and the majority of tourists visiting BC are likely to be from other parts of Canada. This would suggest that the tourist market is likely to have characteristics similar to those of the local market as discussed in the previous paragraph.

Another factor that has contributed to rivalry among heritage attractions is the decline in government support for the cultural/heritage sector. This has forced not-for-profit heritage establishments such as museums and art galleries that have traditionally operated on government funds to increasingly compete with for-profit outfits that provide entertainment/recreational facilities and services. The

decrease in government support has also generated a significant degree of competition among not-for-profit heritage institution for a shrinking piece of the funding pie.

### ***2.3.2 Threat of New Entrants***

There are no significant barriers that restrict a potential player's entry into British Columbia's entertainment and recreation market.

Despite the intense competition, British Columbia is still seen as an attractive market for the entertainment and recreation industry, especially in the context of the Vancouver/Whistler winter Olympics scheduled for 2010. Tourism potential of the event is seen as extremely attractive, and the likelihood of the for-profit providers of entertainment and recreation entering the scene in increased numbers is quite high.

Even in the heritage/historical sites sector, the potential entry of new players is very real. As recent surveys have suggested, Canadians' interest in historical sites and community/human history museums appears to be on the increase. People are also becoming more and more aware of the significance of preserving the past and the number of heritage societies and organizations formed to preserve and promote heritage sites and resources seem to be on the increase. Another trend that is likely to continue is the small resource communities using the heritage resources to create destination attractions such as the Barkerville Historic Town.

### ***2.3.3 Threat of Substitutes***

The threat of substitutes is probably one of the strongest competitive challenges faced by BC's entertainment/recreational facilities. Generally speaking, each sub-sector within the arts, entertainment and recreation industry is competing with all other sub-sectors for the disposable income and leisure time of residents and tourists of the province at large, and the specific region in particular. In the case of heritage attractions, substitute products can range from sporting events, concerts, art performances, libraries and movies to bike riding, sailing or hiking. Suppliers of substitute products/services in the for-profit sector typically have a much greater level of expertise – backed by significantly more resources – in attracting and retaining end-users. Another factor that has increased the threat of substitutes is the rapid evolution in information and communication technology and the proliferation of 'gadgets'. This has increased the avenues available for entertainment and recreation within the home by infinite proportions within a very short period of time.

With more and more of the not-for-profit heritage institutions charging for admissions at rates fairly close to the for-profit players in the entertainment/recreation industry, consumers are increasingly comparing them with a broader array of alternatives. This, combined with the fact that there is practically no cost involved in switching from heritage attractions to a wide range of alternate sources of entertainment/recreation, has made the competitive pressure from substitutes very strong for heritage attractions.

### ***2.3.4 Power of Suppliers***

Suppliers and their bargaining power vary widely among the establishments that compete in the entertainment and recreation sector. In the case of typical heritage institutions like museums, art galleries and historic sites, primary suppliers are the professional and support staff, providers of marketing and promotional material and services, and suppliers of merchandise for the gift shops and ancillary services like food and facility maintenance.

Skilled and experienced curatorial, conservatory and research staff is critical to the success of a heritage attraction and is a major component of the institution's competitive edge. The number of highly skilled and experienced curatorial personnel is somewhat limited, and they tend to have a relative high bargaining power. Support staff, on the other hand, rarely require highly specialized skills, and generally tend to have limited bargaining power. Heritage institutions can typically draw on the available youth labour market for a significant part of their human resources needs. The exception would be public museums and galleries where the staff are unionized and have collective bargaining agreements with the management.

Gift shops are increasingly becoming part of the typical heritage attraction's core operations and a crucial part of its sustenance. Bargaining power of the suppliers of gift shop merchandise over heritage attractions vary with their size and attendance as well as location and tourist component of the visitor market. Merchandise suppliers have significant bargaining power over the smaller

heritage attractions, where the attendance is relatively low and majority of visitors are from the resident market, and puts these players at a competitive disadvantage relative to larger attractions that purchase in bigger quantities and offer important market exposure and prestige. This is true for marketing and promotional material and services and food and janitorial/landscaping services as well, where larger attractions have a significant advantage in terms of working out better deals based on the size of the contract.

### ***2.3.5 Power of Buyers***

Given that the alternatives available to fill their leisure time have become almost infinite, buyers of entertainment/recreation services have a great degree of flexibility in filling their leisure time needs. They can source from a wide range of establishments and facilities, and switch between comparable products with negligible costs. Recreational/entertainment services are highly discretionary, and buyers can, and do, walk away if they are not satisfied with the price or quality of the experience offered. Proliferation of access to the Internet has added to the power of buyers by making it relatively easy to compare prices, features and quality of services offered by the various players in the entertainment and recreation sector.

Besides the individual end-users, a large segment of the 'buyers' for recreational/entertainment industries is made up of tour operators and travel agents, and in the case of cultural/heritage attractions, organizers of school programs as well. These agencies have a great degree of influence over the

purchase decisions of the end-user and have significant power over players in the recreation/entertainment industry in negotiating rates and creating ‘package deals’.

In short, buyers of the entertainment/recreation industry – both direct end users and ‘facilitators’ like tour operators, travel agencies and coordinators of school programs - are able to exercise considerable bargaining leverage and the power of buyers is a strong competitive force in the industry.

## **2.4 Competitive Structure and Strategic Implications**

The competitive structure of British Columbia’s entertainment and recreation industry today cannot be considered ‘attractive’ from a profit-making perspective – rivalry among players is very intense, barriers to entry are low, allowing new players to enter the market, competition from substitutes is very strong, and ‘buyers’ can exercise significant bargaining power. This is particularly relevant not-for-profit heritage attractions as they are increasingly forced to compete with an almost infinite number of establishments – both for-profit and not-for-profit – that provide substitute products.

The key implication of this conclusion, or observation, is that heritage attractions need to reassess the way they define their operation and their market. Traditionally, a vast majority of heritage attractions, especially museums and art galleries, relied principally on Government funding, or in rare cases, another major benefactor, and rarely saw the need to compete with other players within the broad entertainment and recreation industry. Even within the narrower not-



for-profit heritage attractions sub-sector, the strongest competitive rivalry was for funding. As government funding keeps dwindling, not-for-profit heritage institutions need to increasingly focus their attention on the end-user, and gear their activities and efforts to assessing and meeting the needs of the end-user group. In doing this, not-for-profit heritage attractions will increasingly have to compete directly with significantly larger and more sophisticated players – both for-profit firms and not-for-profit organizations – for the leisure time of end-users.

## **2.5 Key Players and Strategic Approaches**

Until recently, entertainment and recreation facilities generally played in different ‘segments/sectors’ of the market, based largely on their purpose or mandate – purely educational, purely entertainment or entertainment used as a means of education. With each ‘group/cluster’ catering to a specific set of market needs, players within each group/cluster would compete among themselves, and the competition between groups was relatively low. Since the beginning of the 1990s, however, with the market remaining more or less stagnant and an increased number of not-for-profit heritage establishments being forced to attain self-sufficiency through increased attendance, players have been looking beyond their *leagues* and trying to capture market share from the other clusters.

Broadly speaking, heritage attractions competing in the GVRD market appear to be adopting one of three strategic approaches: the *theme park* approach, the *family focus* approach and the *educational* approach.

A perfect example of the *theme park* strategy is the Capilano Suspension Bridge in North Vancouver. A for-profit business, the Capilano Bridge offers a wide array of leisure activities that cater to a broad range of visitors. While the bridge is the focal point, the facility includes a variety of shopping opportunities, food services and live performances with 'history and heritage' as the central themes. With marketing campaigns clearly focused on the tourist market, it has become one of the most popular tourist destinations of the region, drawing around 800,000 visitors annually. In the not-for-profit sector, the Burnaby Village Museum appears to have adopted this strategy successfully, combining entertainment with education and drawing an estimated 200,000 visitors annually.

Attractions that adopt the *family-focus* strategy offer entertainment geared towards families with children. The typical players who adopt this strategy are not-for-profit science or interpretive centers that have a core educational mandate. With a range of interactive displays and live shows that attract children of all ages and an un-structured, relaxed atmosphere, these facilities position themselves as the perfect place for the entire family to spend time together while entertaining and educating themselves. They also draw in repeat visitors through annual family membership benefits and constant renewal of exhibits and shows as well as offering the facility for 'themed' birthday parties. The Science World in Vancouver appears to have employed this strategy very efficiently, attracting around 600,000 visitors annually.

Facilities that have successfully adopted the *educational* approach offer exhibits and extensive interpretive programs led by highly skilled scientists and

researchers. Not-for-profit operations like zoos and aquariums, with a central ‘subject’ that sustains a high level of public interest and curiosity, are best suited for this approach. The Vancouver Aquarium is a good example, drawing approximately 900,000 visitors annually.

## **2.6 Key Success Factors**

In the entertainment and recreation industry, key success factors (KSFs) can be linked directly to a player’s ability to identify, understand and attract audiences with substantial amounts of disposable time and money to undertake leisure activities. The key factors that contribute to competitive success in the industry can be identified as follows.

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

Given the numerous attractions that compete for attendance in the area, clever advertising is key to the success of players in the BC entertainment and recreation market. Residents and tourists are constantly bombarded with promises of ‘unforgettable experiences’ by attractions and providers of entertainment and recreation services in trains, buses, ferries and the mass media. Attractions that have been successful have typically been the ones that have established themselves as a ‘must see’ in the collective mind of the public through sustained advertising. Facilities that have failed to create that broad ‘presence’ typically tend to lose out in the game of attracting visitors.

### ***2.6.2 Location***

Heritage attractions located in close to large urban areas or in the vicinity of another major 'draw' like a ski-hill or resort destination tend to have significant advantage in terms of attracting visitors. For heritage attractions located farther than a short drive from major urban centers, presence of another major attraction in the vicinity is often critical in terms of providing a collective experience that is perceived as being 'worth the drive' by the audience.

### ***2.6.3 On-going Renewal of Exhibits/Displays***

For most heritage attractions, the resident population is a large component of the target market. Given this, continued renewal of exhibits or displays can be key in ensuring repeat visits and maintaining the sustained interest of the resident market.

### ***2.6.4 Ability to Monitor and Respond to Shifts in Market***

#### ***Conditions***

Entertainment and recreational needs of the public are strongly tied to demographic changes the market. Ability to keep track of the demographic shifts in the resident and tourist market and renew or modify the services to reflect these shifts provides the players with a strong competitive advantage. This calls for strong organizational capabilities that allow streamlined decision-making, as well as the financial and human resource capacities needed to make the necessary changes with short lead-times.

### 3 BRITANNIA BEACH HERITAGE SOCIETY

In analyzing the strategic options for any organization, it is crucial to develop a clear understanding of the organization's internal capabilities and resources. One of the basic considerations in deciding the viability of any business strategy is whether the organization has, or can acquire the resources, capabilities and competencies needed to successfully execute the strategy. This chapter examines BBHS' organizational and resource capabilities in detail.

#### 3.1 Annual Revenues

Total revenues generated by BBHS have increased almost 67% over the past ten years, with the most dramatic growth occurring between 1992 and 1995, as shown on Figure 3.1. Following a slump in 1996, total revenues climbed up to the 1995 levels in 1998 and has continued to grow at an average rate of 3-4% since then.

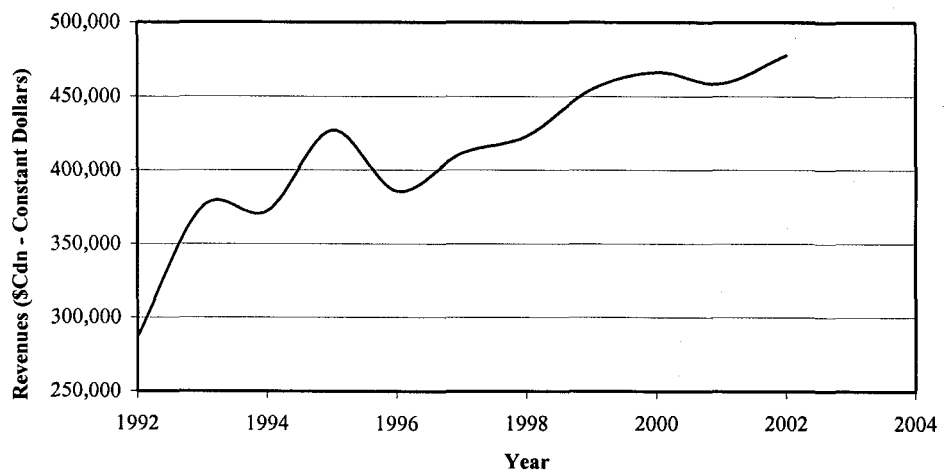


Figure 3.1 **BBHS' Annual Revenues** (Source: Audited annual statements of financial position of the BC Museum of Mining – 1992 to 2002)

### 3.2 Revenue Sources

BBHS generates its revenues from a range of sources including the general public, governments, the society membership and the entertainment (motion picture) industry. Revenues from these sources come primarily in the form of museum admissions, site rentals, gift shop sales, government grants, membership fees and corporate and general donations. Over the past decade, the relative contribution of these revenue streams has evolved considerably as seen on Figure 3.2. The major sources of revenue, i.e. admissions, site rental, gift shop sales and government grants, and the implications of the changing trends in their contribution to total revenues are discussed in further detail in the following pages.

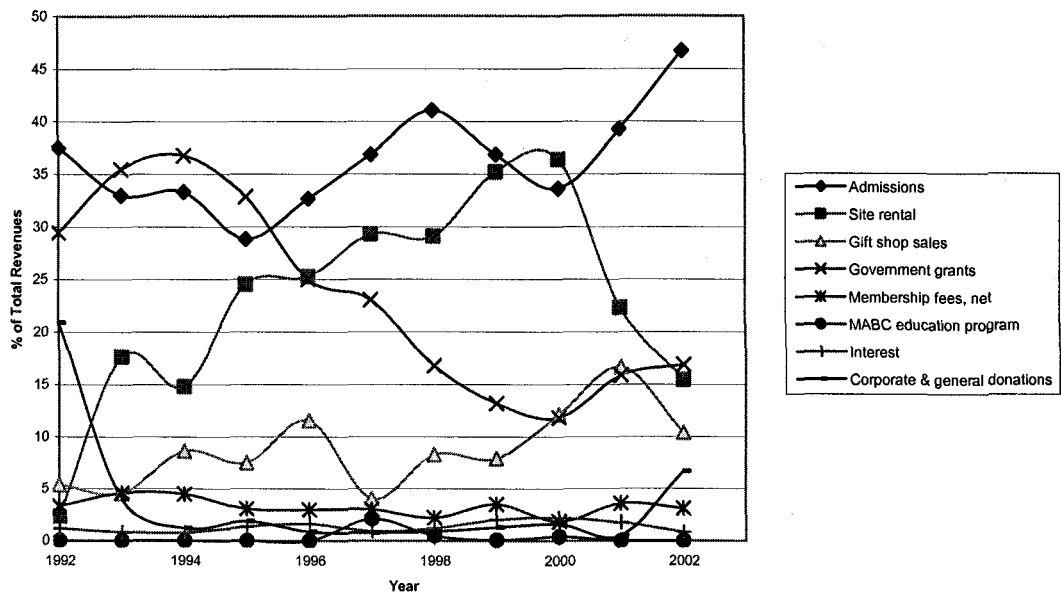


Figure 3.2 BBHS: Revenue Streams – Percentage of Total (Source: Audited annual statements of financial position of the BC Museum of Mining – 1992 to 2002)

### ***3.2.1 Admissions***

At present, the core revenue-generating activity of the Society is the operation of the mining museum, which includes a tour of the underground mine workings. The underground tour is the primary attraction of the museum and is largely responsible for drawing the visitors to the museum. The museum also offers additional activities, including mineral testing and assay lab science games, which are included in the admission.

Admission charges for the museum and mine tour have continued to be the largest contributor to BBHS' annual revenues over most of the past ten years. Total revenues from admissions ranged between \$110,000 to \$125,000 in the first half of the 1990s and jumped to the \$150,000 to \$180,000 range between 1997 and 1998. Following a slump in 1998-1999, total admission revenues grew dramatically in 2001 and 2002. In 2002, the museum had almost 30,000 paid visitors and the total admission revenue was at its highest, at \$223, 222.

The primary visitor group to the museum is made up of school-age children, and schools are a major focus of the museum's promotional material. Given the museum's location on a major tourism corridor and the great heritage value of the museum lands, a large portion of which is not currently part of the 'museum experience', the site has potential to draw in significantly more visitors, from a more diverse population base. This suggests that, museum admissions would be a sustainable long-term primary source of revenue for BBHS, provided that the premises and museum operations are modified to cater to a wider visitor

base. This would involve, at a minimum, improving the aesthetics of the site and making the concentrator building, the single most prominent feature of the site, visually attractive enough to draw in the travelers along the Highway.

### ***3.2.2 Site Rental***

BBHS routinely rents out the museum lands and facilities to the motion picture and television industry for filming. With the drop in Canadian dollar value relative to the United States, and the Hollywood's focus on Canada, rental income from the television/movie industry has continued to grow dramatically over the past ten years, and BBHS has come to rely on it as a staple source of revenues. In 2001 and 2002, there was no major filming activity at the site, and the drop in rental income was reflected in BBHS' total revenues. There have been two major television/motion picture filming at the site since the beginning of 2003, and rental income from these are expected to be the single largest contributor to this year's annual revenues.

During the 1990s, television and motion picture filming boomed in British Columbia, as the Canadian lost strength, and the United States entertainment industry began taking advantage of the relatively cheaper labour and increasingly started shifting the outdoor filming of movies and television series north of the border. The BBHS property, with its breath-taking natural setting and the charm of the historic mine-works and heritage buildings has been able to tap into this opportunity, and is likely to be able to continue doing so. However, there is a significant risk in relying on site rentals as a staple source of revenues in the long-



term, given that it is based primarily on the weakness of the Canadian dollar relative to the US dollar – any significant gain in strength of the Canadian dollar could mean a decline in filming activity in British Columbia. Another issue related to the long-term sustainability of site rental as a primary source of revenue is the impacts of filming activity on the museum. Installation of sets and facilities for the film crew over long periods of time could impact the museum's routine operation, and shift the visitor's focus away from the museum and thus impact its mandate and image. In addition, improvements to the buildings could detract from their value from the point of view of the motion picture industry. Their present dilapidated state is likely part of their current appeal.

### ***3.2.3 Government Grants***

BBHS receives operations support grant from the Provincial government and funding from the Federal government through the Museum Assistance Program, for the operation of the mining museum. The museum also receives some funding through the Government of Canada/Province of British Columbia Challenge/Canada Summer Employment Program. Contribution of government funds toward the annual revenues of BBHS has continued to decline since the early 1990s, and at present account for less than 10% of the total revenues.

Declining support from the government and a gradual shift in source of operational revenue from governments to the visiting public over the past decade is fairly typical of heritage institutions across Canada. Statistics Canada data indicates that, in 1993, heritage institutions received roughly 71% of total

revenues from government sources, while in 1999, the government share was approximately 59% (Statistics Canada, 2002). Given that governments do not have a declared policy on funding for local museums/heritage institutions, and considering the increasing pressure on governments to be more financially prudent, this trend is likely to continue. This implies that BBHS cannot rely on government funding as a sustainable source of revenue for its operations in the long term. This is especially significant, given that the government share of BBHS' revenues has continued to be much lower than the industry average, which suggests that BBHS has not been successful in tapping into the diminishing government funding pool for heritage institutions.

### ***3.2.4 Gift Shop Sales***

The gift shop is the 'gateway' to the museum and acts as a key education center through displays that feature rocks, minerals and mining in general. While there is no formal policy at present regarding the product selection carried by the shop, the museum's mandate of enhancing public awareness about mining in BC is clearly reflected in the products offered. Products available range from relatively cheap rock and mineral samples, books and toys geared towards children, to expensive mineral samples, semiprecious stones, carvings and other artifacts with a mining/heritage theme.

The gift shop generates its revenues from concession sales, sale of rock and mineral kits and fees charged for the gold panning activity. The cost of sales

associated with concession is generally much higher for concession sales, at 45-50% of sales when compared to gold panning and rock and mineral kit sales. The costs associated gold panning are essentially fixed (set up, maintenance and assistance). The mineral kits are sold primarily through web page and fax orders, at a very low cost of sales to revenue ratio. Over the past, concession sales have accounted for 77-79% of total gift shop revenues. Charges for gold panning has contributed to 17-19% of the total sales. Contribution of sale of rock and mineral kits to total concession revenue has typically been in the 3-4% range.

The gift shop's contribution to BBHS' revenues has generally increased over the years. Sales increased from approximately \$15,000 in 1992 to almost \$76,500 in 2001. There was a significant drop in sales in 2002, and total gift shop revenues for that year was \$49,680 – a 35% drop from the previous year. The museum's account statements for the years 2001 and 2002 indicate that concession sales have virtually been identical for the two years, while the proceeds from sale of rock and mineral kits and charges for gold panning were significantly lower in 2002. Concession sales accounted for over 92% of the total gift shop sales in 2002, while the contribution of gold panning was at 7.5%. This suggests that a decline in the sale of the rock and mineral kits and the gold panning activity is the main cause for the drop in gift shop revenue in 2002. Marketing efforts of the gift shop should refocus on these products, as they appear to have a significant influence on the overall revenue generated by the gift shop.

During the 1990s, gift shops associated with heritage institutions across Canada became big businesses and revenue from these ventures has become an

important factor in keeping many institutions afloat. Between 1991-92 and 1997-98, commercial efforts like gift shops, restaurants, parking and film presentations almost doubled the earned revenue per admission at the average heritage institution in Canada (Statistics Canada, 2000). Given the continued decline in government support, this trend is likely to continue. BBHS needs to recognize the gift shop as a critical and sustainable source of revenue and continue efforts to increase sales.

Marketing efforts and product diversification aimed at increasing sales should continue to be consistent with the museum's image and mandate. The gift shop is central to the museum's operations and its educational function and the mining/heritage product focus is likely to appeal to the typical museum visitor. Diversifying the product base to include cheap trinkets and corner store concessions in an effort to boost sales may be perceived as being in conflict with the museum's public education mandate and impact its image.

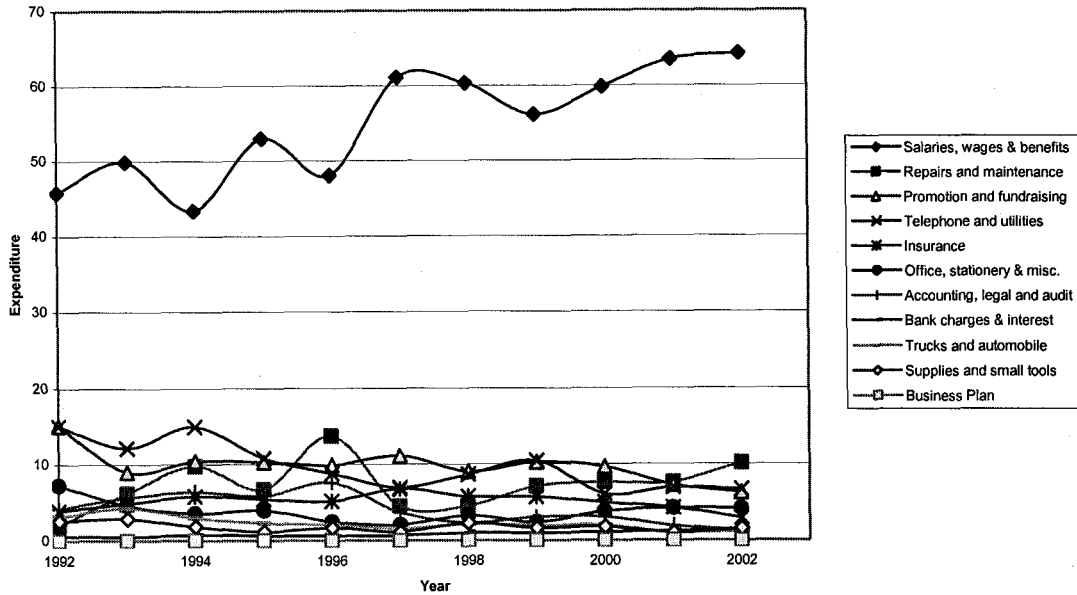
### **3.3 Expenditures**

Any organization's spending patterns reflect the business direction it is following – intended or otherwise. The following paragraphs examine the museum's spending patterns in terms of strategically critical operational elements over the past decade and discuss their implications in this context.

### ***3.3.1 Salaries and Wages***

Salaries and wages paid to the museum employees have consistently accounted for the most significant share of BBHS' expenditures, and have amounted to 64% of BBHS' total expenditures for the year 2002 (Figure 3.3). Actual dollars spend on salaries and wages increased by around 91% between 1992 and 2002, which represents an average annual growth in salary expenditure of about 8%. Increase in salaries and wages is reflective of the museum's growth and evolution. Over the past ten years the museum has brought in increasingly more qualified professional personnel, gradually decreasing reliance on volunteers for core operational needs. This suggests that the museum has been building up human resource capacity in line with the knowledge building and sharing aspect of its stated mandate.

If BBHS is to develop the museum and associated operations further, the current staffing requirements, both in terms of numbers and knowledge base will continue to evolve. This implies that expenditure on salaries and wages will continue to increase in the future. Efforts should be made, however, to ensure that the salaries as a percentage of total expenditure stays relatively close to the current level of 63-64%, and is reflective of the industry trend.



**Figure 3.3** BBHS: Expenditures – Percentage of Total (Source: Audited annual statements of financial position of the BC Museum of Mining – 1992 to 2002)

### 3.3.2 Promotion and Fundraising

BBHS' expenditure on promoting the museum and raising funds has remained more or less the same – both in absolute dollars and as a percentage of total expenditure – over the 1990s. Between 2000 and 2002, expenditure on promotion and fundraising dropped by almost 30%, and in 2002, it accounted for less than 7% of total museum expenditure.

In a time where there is intense competition among cultural institutions and commercial attractions for audience, marketing and promotion play a vital role in drawing visitors in. As an organization relying primarily on museum admissions for sustenance, marketing the museum should be a key focus of BBHS. Expenditure on promotion and fundraising over the past few years suggest

that the museum's focus has drifted away from marketing, particularly since 2000. This trend significantly limits the museum's ability to create and maintain a presence in the market and attract visitors to the museum. In addition to raising revenue concerns, a lack of presence among the public and limited attendance severely impact on the museum's ability to fulfill its stated mandate of enhancing public awareness on mining in British Columbia.

### **3.4 The Board**

The BBHS is governed by a Board of Directors elected by the society's membership. The Board's mandate is to provide general strategic direction for the society and carry out budgetary and planning functions. The board is also primarily responsible for fundraising and increasing the society membership. The Executive as a whole meets once a month and individual committees meet separately as needed. The museum director is quite involved in the committees and provides direction to the Board in its planning and budgeting initiatives.

Members from the mining community have traditionally had a strong presence within the Board. At present, the executive is almost solely made up of members with present or past ties to the mining industry. The impacts of this more or less 'homogenous' Board on BBHS' initiatives and direction have been mixed. The mining background has generally translated into a dedicated and involved Board with strong commitment to the cause of enhancing the public image of mining. However, it has also somewhat narrowed the board's vision and limited its perspective on issues such as marketing, business development,

heritage resource management and public awareness building, that are crucial to realizing the society's full potential and ensuring its sustainability. There is a realization of this fact among the current membership, and attempts are being made to re-model the board to broaden the expertise base of the executive.

### **3.5 Human Resources and Organizational Capabilities**

BBHS has a total of 11 regular employees at the museum, including the museum director, a curator a tour guide supervisor and two tour guides. In addition, BBHS hires seasonal staff for tour guides and cashiers during the summer peak season. The current staffing level has been adequate in meeting the museum's operational needs. However, with the financial constraints that it faces, BBHS ability to hire the expertise that is needed to take it further is limited to a great extent.

The museum director plays a strong leadership role and is highly involved in all aspects of planning and operation of the museum. She has also been playing a significant part in the society's strategic planning initiatives in terms of future direction.

### **3.6 Mandate and Purpose**

The original 'purpose' of forming BBHS was to establish a museum of mining that would collect and display artifacts, pursue research, demonstrate mining techniques and promote interest in mining activities throughout British Columbia. The Museum's stated mandate is to enhance public awareness and knowledge about the past, present and future of mining in British Columbia.



## **4 ANALYSIS OF CURRENT SITUATION**

Analysis of BBHS' current situation, as presented here, is completed in three basic steps. The first step is an assessment of the society's internal climate in terms of its strengths and weaknesses and the external environment in terms of threats and opportunities it offers. The second step is an assessment of BBHS' relative competitive strength in the market. The third step is an appraisal of the society's current situation.

### **4.1 SWOT Analysis**

The SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is carried out in order to assess the fit between the internal climate of an establishment and the external environment in which it operates. An establishment's strategy should ultimately fit with its internal capabilities and aim at capturing external opportunities, while defending itself against the threats it has to face.

#### ***4.1.1 BBHS' Strengths***

##### **4.1.1.1 Authentic 'Attraction' Element of the Site**

The train ride of the underground mine workings is a very unique feature in that it combines tremendous 'amusement' value and industrial/heritage authenticity. This puts BBHS in a position of significant advantage over most other players competing in the museum/heritage attraction market, in balancing the 'entertainment value' and 'purpose integrity' aspects of operation.

#### **4.1.1.2 Location and Visibility of the Museum Lands**

BBHS' museum lands are located at a highly visible point on a very busy tourist corridor. It is the ideal resting point for the Vancouver Whistler traffic. The large concentrator building is a unique and highly visible heritage structure that has the potential to rouse curiosity in the travelers taking the busy highway to and from Whistler, and draw them in.

#### **4.1.1.3 Natural Setting of the BBHS Property**

BBHS owns a fairly large piece of land in one of the most beautiful, and sought-after regions in BC. The land has great development potential given the breath-taking views it offers.

#### **4.1.1.4 Heritage Resources and Archives**

BBHS owns a large collection of unique heritage resources and archival collections. The historic buildings and heritage structures on the museum lands have great potential in attracting a wide array of visitors. The large concentrator building was an engineering marvel of the time and is the last remaining structure of its kind in the country.

#### **4.1.1.5 People and Culture**

BBHS has a valuable asset in its committed and dedicated museum staff and volunteers. The museum director plays a strong leadership role and is highly involved in all aspects of planning and operation of the museum. She has also

been playing a significant part in the society's strategic planning initiatives in terms of future direction.

#### **4.1.2 Weaknesses**

##### **4.1.2.1 Appearance of the Museum Lands**

The museum lands and heritage structures are in poor condition for the most part and visually unattractive. The appearance of the site from the highway is hardly attractive enough to make the typical passer-by stop and come in. The concentrator building, the most visible element of the site, is seen more as an eyesore, reminiscent of the 'evils' of mining, and has played a significant role in alienating the mining industry from the society.

##### **4.1.2.2 Amenities and Complementary Activities**

Amenities and complementary activities like shopping, dining facilities, play areas and picnic spots are virtually non-existent in the vicinity of the museum. This discourages a large majority of the Vancouver-Whistler traffic from considering the museum as a logical rest stop.

##### **4.1.2.3 Quality and Frequency of Renewal of Exhibits and Displays**

BBHS owns an exceptional collection of unique historical artifacts and archival material, in addition to the array of highly significant and interesting heritage structures. However, the overall appearance of the museum lands and the poor condition of majority of the heritage structures and museum elements hardly

live up to the potential of the exhibits and story lines. The frequency with which the exhibits and experiences are renewed or refreshed is also not sufficient enough to draw repeat visitors.

#### **4.1.2.4 Distance from Major Urban Centres and Duration of the ‘Experience’**

BBHS’ attraction is located at least a three to four-hour drive away from major urban centers and large communities of the GVRD. This, combined with the notoriety of the highway connecting the Lower Mainland with the facility, and the short duration of the current museum ‘experience’ – approximately an hour and a half – acts as a major deterrent in attracting resident visitors from GVRD.

#### **4.1.2.5 Financial Resources**

As a not-for-profit society, barely surviving under tough market conditions, BBHS has limited financial resources to invest in developmental activities or even the major over-hauls of the museum lands and facilities that are badly needed. Financial constraints have also limited the society’s ability to attract and retain the human resource capabilities needed for effective business planning and development.

#### **4.1.2.6 Marketing Strategy**

BBHS does not have an effective marketing strategy for the museum and heritage site, and the society has been able to devote only a minimal fraction of its expenditure towards marketing and promotion. This is very much reflected in the

lack of the museum's 'presence' among both residents and tourists. Outside of a very small segment of the resident population who has an interest in it due to community or industry ties and the local/regional educational institutions (primarily elementary schools), there is minimal awareness of what the museum has to offer among residents and tourists alike.

#### **4.1.2.7 Organizational Issues**

The BBHS' board of directors has a heavy concentration of retired/semi-retired members of the mining community. The more-or-less homogenous nature of the board in terms of individual knowledge base and expertise has also limited the executive's ability to assess its operations from business, heritage or community perspectives. This has also narrowed the board's focus to some extent and there appears to be a certain degree of pre-occupation with operational details rather than the 'big picture', another factor that compromises the board's effectiveness.

BBHS works with extremely limited human resources for the planning and operation of the museum, and to a greater degree, strategic planning initiatives for the society as a whole. The paid personnel that the society can afford under the current conditions are barely enough to cater to the operational needs of the museum. The museum director continues to be heavily involved in the more 'global' planning initiatives of the society, including potential development of the museum lands; however, this could have a significant impact on her ability to

focus on operational aspects of the museum in the long run, especially if developmental planning intensifies.

### ***4.1.3 Opportunities***

#### **4.1.3.1 The 2010 Winter Olympics**

Winning of the 2010 Olympic bid by the Vancouver/Whistler bid committee has brought a tremendous level of public interest to the region. There are already indications of a real-estate boom in Squamish, potentially enhancing the resident market available for BBHS' attraction. The tourist flow along the Vancouver/Whistler route is also anticipated to increase both prior to and following the 2010 event, due to peripheral events associated with the Olympics and enhanced recreational facilities that result from the games. This could mean a significant increase in the tourist market that BBHS can draw from. With careful planning and implementation of a marketing strategy that responds to these anticipated changes, the 2010 winter Olympics presents BBHS with a tremendous opportunity to enhance its presence in the BC recreational and entertainment sector.

In the context of the spotlight that the Olympics brings on the Vancouver/Whistler corridor, it is very likely that all levels of government and the mining industry will show a significant interest in rectifying the site's image as the symbol of the 'evils' of mining and irresponsible environmental management, created largely by the dilapidated appearance of the heritage structures –

particularly ore concentrator building, a very visible landmark along the Sea-to-Sky highway.

#### **4.1.3.2 The Sea-to-Sky Highway Improvement Project**

One of the factors that discourage resident visitors from the Lower Mainland from visiting the BBHS attraction is the time involved and hurdles associated with traveling to the museum along the Sea-to-Sky Highway. The improvements planned to the highway are expected to improve the situation significantly. The planned improvements would also enhance the ease of access to the BBHS site from the Highway.

The BBHS site is located within the Squamish First Nation's territory, and the proposed highway improvements include providing high visibility to the territory and areas of heritage significance. This is likely to attract the attention of the passer-by to the area in general, and improve the visibility of the BBHS attraction. Proposed improvements/enhancements of First Nations heritage and cultural resources could also provide BBHS with partnering opportunities for expanding or diversifying its current facilities and operations.

#### **4.1.3.3 Development of the Britannia Community**

The Britannia property, which surrounds the museum lands and accommodates the non-incorporated Britannia community, is currently undergoing a change in ownership. Over the past couple of decades, the community was experiencing a slow degradation under poor management of the

property owners. The prospective owners have expressed a great interest in developing the property on a large scale, incorporating a mix of residential, commercial and recreational elements. Such a development will provide BBHS with partnership opportunities in developing their facility. Establishment of a thriving community will also enhance the attraction's resident market and create the infrastructure and amenities needed to draw on the GVRD and tourist markets.

The likelihood of the development happening in the near future, however, is contingent upon the reclamation of the contaminated areas of the property. One of the biggest hurdles facing development of the area is the large degree of soil and ground water contamination associated with historic mining operations at the site. Soil and groundwater contamination is extensive and spreads over most of the Britannia property. Recently, the responsibility for remediation has been taken over by the provincial government through an agreement with present and past owners of the property there have been some attempts to design a site reclamation program through a partnership between the Government and owners of the property. It is difficult to predict how or when the actual reclamation will take place. However, there are some factors that could have a favourable influence on the process. The first is the anticipated change in ownership. The prospective owners are fully aware of the extent and implications of the environmental contamination present on the property, which suggests that their business plans include environmental remediation of the site. In addition, given the high real-estate potential of the property – particularly in context of the 2010 Olympics – they have a strong incentive to develop the site in the immediate future. They also



have a significant advantage in that the provincial government has assumed primary responsibility for the remediation of the most significantly impacted areas of the property, and have a significant degree of flexibility in working out a reclamation strategy with the Government. The second is the anticipated shift in the provincial government's approach to remediation of contaminated sites. Regulatory agencies are increasingly becoming aware of the need to work with property owners or parties responsible for contamination in solving contamination/pollution problems in the best interest of human health and the environment. There are indications of a slow shift from the current 'prescriptive' approach, with any site that has x, y or z in soil at concentrations above a certain level requiring clean-up with no room for negotiation, to a more 'situational' approach, where clean-up requirements are more likely to be based on 'risk-potential'. Regulatory agencies are increasingly resorting to negotiation as opposed to litigation in achieving remediation of contaminated sites in British Columbia. The third is the fact that the government has assumed responsibility for the remediation of the site's soil and groundwater contamination, making the regulatory agencies take a more active role in working towards addressing the contamination issue.

#### **4.1.3.4 Potential Alliances**

The strategic location of BBHS site, in terms of visibility, accessibility and natural setting, the attraction/amusement potential of its heritage resources and the strong presence of the site in Canada's mining history have attracted the

attention of a wide range of for-profit firms as well as not-for-profit institutions. By forming an alliance – either through a partnership or a resource-sharing arrangement - with a larger player that has sufficient financial resources, BBHS will be able to realize its market potential to a greater degree and ensure long-term sustainability.

#### ***4.1.4 Threats***

##### **4.1.4.1 Lack of Resources**

Under pressures from reduced government funding and mushrooming of competition in the broader entertainment sector, more and more of the players in the heritage attractions market are resorting to strategic marketing and focused promotion in attracting visitors. In this context, BBHS is increasingly facing the threat of losing even the existing audience to competition that has the resources to lure them away.

##### **4.1.4.2 Liability Associated with Site Facilities and Contamination**

The large ore-concentrator building is in a fairly unstable condition and poses a real threat in terms of the board's liability in the event of a mishap. The society does not have property insurance for the building and even a minor incident, like a piece of the cladding breaking loose and flying down in a heavy wind, causing injury or property damage would threaten the existence of the museum.

BBHS' property is part of a large contaminated area, and includes pockets of soil contaminated with heavy metals at unacceptable concentrations. The groundwater flowing through the property also carries contaminants leached from the historic mine. The regulatory agencies have not yet named the society as a responsible party in association with the site contamination or issued an order to remediate the property. However, there is nothing that prevents the regulatory agency from issuing a remediation order against the society. While BBHS could claim that they are not responsible for the contamination, the burden of proof will be on the society and the resources required could deal a serious blow to the financial and human resources that are already stretched to the limit.

#### **4.1.4.3 New Competition**

The 2010 Olympics has focused the spotlight on the Vancouver/Whistler corridor, and has attracted the attention of a wide range of players in the for-profit entertainment/recreation industry – particularly, the Squamish area. With the large financial resources available, these players have the ability to enter the market with substitute offerings. Even an attraction that is much smaller, or an experience that is far less authentic, if packaged appropriately, could offer stiff competition to BBHS' attraction unless the society moves fast and establish a dominant presence in the market.

## **4.2 BBHS' Relative Competitive Strength**

Based on a comparison of the key success factors identified for the entertainment/recreation industry with the strengths and weaknesses of BBHS as

well as the opportunities and threats presented by the external environment, the following general assessment can be made of the society's relative competitive strength in BC's entertainment/recreation market:

- As competition continues to intensify, a prominent presence in the market – both resident and tourist – is critical to attracting visitors. Most heritage attractions, including those in the not-for-profit sector like the maritime museum and the planetarium, are resorting to strategic advertising and promotion to increase their 'visibility' in the market. BBHS' lack of focus on strategic marketing and promotion puts it in a position of significant competitive disadvantage relative to majority of other players in the market.
- Severe financial constraints prevent BBHS from mobilizing its strengths and realizing the competitive advantage it could have over other players, given the location and natural setting of its attraction and the 'amusement' aspect of its core heritage resources. This again, puts the society in a relatively weak competitive position relative to other players in the market.
- With the shifts in demographics of the available market and the mushrooming of substitutes, ability to constantly keep track of changes in the needs of the audience and to modify the offering to quickly respond to those changes is becoming more and more critical for success in the entertainment/recreation industry. For-profit firms, and a large number of not-for-profit players, have recognized this and are becoming increasingly 'market focused'. In this

context, BBHS' 'operational' focus on the museum puts it at a competitive disadvantage relative to other players.

### **4.3 BBHS' Current Situation**

There are a number of internal elements that could potentially place BBHS in a very strong competitive position relative to its rivals. In addition, there are several very attractive opportunities offered by the present conditions of the external environment in which the society operates. However, a lack of adequate financial resources severely limits the society's ability to capitalize on these internal strengths and take advantage of the opportunities that are available. Financial constraints also prevent the society from defending itself against very real threats posed by the market and the environment in general, making it highly vulnerable to competition.

## **5 STRATEGIC ALTERNATIVES**

Strategic alternatives that are available to BBHS are:

1. Status Quo
2. Seek funding to enhance the visual appeal and safety of the museum lands and heritage structures
3. Expansion/Diversification of the 'experience' offered
4. Exit

Within the diversification option, BBHS has two choices:

1. Private sector/For-profit Partnership, which can be approached in two ways:
  - a. True For-profit partnership
  - b. Resource sharing
2. Public sector/Not-for-Profit Partnership

### **5.1 Status Quo**

As seen from the assessment of the museum's current situation, there are three principal reasons why the status quo is not a sustainable option: over-dependence on site rental income from the television/motion picture industry; risk of potential liability associated with the ore concentrator building and, to a lesser degree, the presence of soil and groundwater contamination at the site; and the inability of the present operation to fulfill the museum's mandate.

### ***5.1.1 Reliance on Site Rental Income***

Over the past decade, BBHS has been able to sustain itself with minimum government or industry sponsorship. However, a major contributor to this 'self-dependency' has been income from site rental to the television and motion picture industry. In the current fiscal year, as with the society's 'good' years in the past, revenues from site rental is expected to be higher than the revenues from the core museum operation. There are several inherent problems with this scenario. First and foremost, site rental, unless pursued as a core business activity, is not a reliable source of income. Second, over-dependency on site rental income will move the focus away from the society's mandate of enhancing public awareness on mining in BC. Third, unless, extremely well planned, long-term filming and establishment of movie sets are likely to impact the museum's regular operation. Incorporating site rental to the movie industry into the society's core 'business' is a potentially viable option. However, BBHS has to recognize this as a 'diversification' strategy and plan and execute it in a manner that enhances, not compromises, its ability to realize its 'education' mandate.

Attendance at the museum has not increased noticeably since the early 1990s. As the number and variety of available leisure time activities continue to increase rapidly, and the tastes and preferences of the public change with shifts in demographics, the museum, in its current capacity, will find it increasingly more difficult to maintain the current attendance levels. BBHS' current financial capabilities do not allow the society to undertake the marketing and promotional

efforts necessary under current competitive conditions to increase or even retain the attraction's market share.

### ***5.1.2 Liability Associated with the Property and Structures***

There is a tremendous degree of risk associated with the stability of the large concentrator building. Even a minor incident resulting in injury to the general public, museum visitors or employees can lead to a liability dispute that could mean the virtual end of the society and the museum. No recent assessment of the concentrator building's structural stability has been done. However, an inspection done in 1990 estimated the capital costs involved in restoring the concentrator building to provide long-term (minimum 20-year) stability to the building envelope to be approximately \$3.5 million in 1990 dollars (H.A. Simons, 1990). It is very likely that the structure has deteriorated further in the thirteen years since then, and the material and labour costs have gone up significantly. This would imply that BBHS will have to raise funds in the tune of \$8 to \$10 million to address the public safety and visual appeal issues associated with the museum lands and heritage structures. Current operational conditions do not allow BBHS to raise adequate revenues to stabilize the structure and make it safe enough to avoid potential liabilities in the future.

There is also a possibility that the society will be held responsible for the soil and groundwater contamination that exists within its property. While the society may be able to successfully argue its case and prove 'innocence', the



resources needed for doing so - in terms of legal and specialist fees – are likely to be beyond the financial capabilities that current operations allow.

### ***5.1.3 Ability to Fulfill Mandate***

The society's stated mandate is to enhance public awareness about the past, present and future of mining in British Columbia. The museum primarily focuses on the history of mining, and given its fiscal and operational capabilities, BBHS' ability to enhance public awareness on the present and future of mining in British Columbia through the museum is very limited. Under current conditions, the society is not likely to be able to develop and maintain the necessary level of 'dialogue' and involvement with the mining industry that is needed to achieve this. In other words, the status quo fulfils the museum's mandate only to a minimal degree, and cannot be considered a sustainable option from this perspective.

## **5.2 Seek Funding for Site Restoration**

From the preceding analyses, it is clear that the two immediate issues threatening the museum's survival are the potential liability associated with the concentrator building and the appearance of the site and heritage structures. With adequate financial resources, the society can address these issues, reducing the possibility of a crippling liability dispute and attracting more visitors to the facility. As discussed earlier, the costs associated with these initiatives are estimated to run into several million dollars.

There are some significant difficulties associated with raising funds of this magnitude. Governments at all levels are becoming increasingly reluctant to fund what is seen as 'frills', and the museum is very likely to be seen as that. In the context of the 2010 Olympics, however, both the federal and provincial governments may be more responsive to a funding request, given the negative 'image' that the concentrator creates. If the BBHS were simply to abandon the museum project, the three levels of government would certainly be faced with a liability, so governments might be inclined to assist the BBHS in order to avoid that situation.

BBHS could potentially access government funding through federal/provincial programs like the Canada/British Columbia Infrastructure Program. However, such programs rarely fund the entire project, and typically require the proponent of the project to submit proof of their ability to raise their share of the project cost before funding is considered.

Another potential source of funding is the BC mining industry. The mining industry, for the most part, has not showed any significant interest in the museum or the society in the past. However, as with the governments, the industry is likely to show an interest in the restoration of the concentrator building and the museum, given the international spotlight brought on by the 2010 Olympics. BBHS can leverage this interest in approaching large players in BC's mining industry for funding. However, in sourcing significant levels of funding from the industry, BBHS should ensure that conditions associated with the

funding do not restrict the freedom of the society or the curator in choosing storylines or displays/exhibits.

With appropriate planning and focused fundraising initiatives, restoring the museum lands and heritage structures to minimize potential liabilities and attract more visitors by enhancing the attraction's visual appeal is a feasible option. However, the society's current financial constraints severely limit its ability to develop the organizational capacity needed for this. In addition, this move will not be adequate to ensure the museum's long-term sustainability. The museum currently relies on site rentals for approximately 30 to 40% of its operating revenues. In order to replace this with income from admissions, and to provide for the minimum level of added facilities and personnel needed to maintain the current museum operations, it is estimated that annual attendance will have to increase from the present 30,000 to a minimum of 100,000. As the competition and market analyses indicated, the museum, on its own, is not likely to be able to attract significantly more visitors than it does at present under changing market demands and intensifying competition. BBHS will ultimately have to look at expanding its operations and fully utilizing the potential of its site and heritage resources to cater to the needs of a wider segment of the available market.

### **5.3 Expansion/Diversification of the 'Experience'**

Based on the market and competition analyses, expansion/diversification of the 'experience' offered by the museum and the heritage site is clearly a strategic priority. Under the pressures of increasing competition and shifting

market demands, the museum and heritage site, in its present capacity, will not be able to survive in the long-term. A diversification/expansion strategy must address the findings of the market, industry and SWOT analyses. Salient points in the findings of these analyses are:

- Tough competition exists in the entertainment and recreation industry.
- As market demographics continue to shift, the nature and variety of leisure time activities demanded by the public will continue to evolve.
- Ongoing marketing and promotion initiatives to ensure sustained 'presence' and 'visibility' are critical to competitive success in the industry.
- The museum lands and heritage resources have the potential to serve as sources of significant competitive advantage.
- BBHS lacks the financial resources to realize the full potential of its land and heritage resources or to guard itself against the external threats it faces.

### ***5.3.1 Private Sector/For-Profit Partnership***

BBHS has received casual expressions of interest from for-profit players in the entertainment/recreation industry wanting to capitalize on the 'attraction' potential of the museum lands and heritage resources. With the

financial resources and marketing savvy that it could bring, partnership with a large for-profit player can be a viable alternative in ensuring the long-term sustainability of the museum and heritage site. BBHS could approach such a partnership in two ways. One would be to enter into a true partnership that covers both site development and operation of the attraction. The second will be more of a 'resource sharing' arrangement, where the society leases a portion of its property to a for-profit player to develop a complementary attraction/facility and uses the proceeds from the lease agreement to enhance the sustainability of the museum operation.

#### **5.3.1.1 For-Profit Partnership**

A true for-profit partnership is likely to be the most desirable option in terms of how quickly and efficiently the issues associated with potential liability and lack of visual appeal of the museum lands and facilities are addressed. However, this option carries the inherent risk of the 'museum' and its educational mandate getting lost in the 'attraction' and the profit motive – a concern felt by majority of the society's executive. In addition, legal issues associated with ownership, profit sharing, assumption of risk and liability etc. are likely to be very elaborate and time-consuming. Given the disparity between BBHS and the potential private sector partner in terms of financial capability, organizational skills and business savvy, it will be extremely difficult to ensure the society's best interest in such a for-profit partnership. Another disadvantage associated with this strategy is the society losing its credibility among the public in general and the

local community in particular. This alternative is also likely to have a significant negative impact on the morale and sense of commitment of the museum's employees and volunteers. Ultimately, this strategy is not likely to get the buy-in from the society's membership.

#### **5.3.1.2 Resource Sharing**

There is a significant portion of the museum lands that is currently not utilized and has relatively low 'heritage' value in terms of the infrastructure it contains. Leasing such a piece of the property to a for-profit player interested in establishing an entertainment/recreational facility in the area could provide BBHS with additional operational funds it requires to sustain itself and fulfill its mandate to a greater degree. The presence of a complementary activity in the area will also attract a larger segment of both the resident and tourist market. In addition, the museum can potentially benefit from the marketing and promotion initiatives of the for-profit player. Keeping the for-profit operation completely independent of the museum will ensure that the society's credibility is not compromised and that the society's education mandate is not lost in the profit motive of the for-profit player. One major disadvantage with this option is that it is not likely to provide the society with the large financial resources needed to immediately address the liability and visual appeal issues associated with its site and facilities. BBHS could, however, leverage this income to secure the financing needed to restore the site and heritage structures. In this regard, selling an unused portion of the society's property to secure the funds that are immediately needed might be an

option worth considering. Given that the availability of properties of comparable size (10 acres or more) and 'value' in terms of location, natural setting and accessibility/visibility are fairly limited along the Sea-to-Sky corridor, a 10-acre piece of the museum lands could very likely fetch the \$10 to \$15 million needed to address the liability and visual appeal issues, even with the contamination that is present at the site.

### ***5.3.2 Public Sector/Not-for-Profit Partnership***

Entering into a partnership with a public sector or not-for-profit organization that shares an interest in mining and an 'education' mandate is a viable strategic option for BBHS to expand/diversify its current operations. A not-for-profit partnership has significant advantages in terms of balancing the market demands and the society's mandate, and maintaining integrity while running a sustainable operation. However, as with a for-profit partnership, partnership with a large, high-profile public sector/not-for-profit entity also carries the potential risk of the museum and the society being 'lost' in the development.

The society is considering a potential public sector partnership option at the present time. Natural Resource Canada (NR Can) has been evaluating the feasibility of setting up a *Centre for Mining Innovation* within BBHS' property. Incorporating the museum's current operation, the proposed innovation center is intended to provide a world-class research and interpretive facility that features Canada's leadership role in resource development, environmental stewardship, reclamation research, social and technological innovation and sustainable

development (Natural Resource Canada, 2003). Development of the innovation center will also involve partnerships with a number of other entities including the University of British Columbia's Mining Research Group and the BC Ministry of Sustainable Development. The proposed development is still in the conceptual design study stage, and NR Can has not made any commitment as to its implementation. Given that this is clearly a very attractive partnership opportunity for BBHS, the society executive needs to take a very active role in campaigning for the project. Since the proposed project will be a public facility funded primarily by the federal government, buy-in from the community and the general public as well as the Squamish First Nation will be critical in making it happen. The society should take steps to facilitate an early involvement and on-going dialogue between all potential stakeholders in the project planning process. Establishing a formal *agreement in principle* with NR Can and other potential partners or stakeholders will help define the roles and levels of commitment of each player in the planning process. BBHS will need to expand its current executive and human resource capacities to facilitate an effective planning process and ensure that the society has the skills and resources needed to bring about a positive outcome.

#### **5.4 Exit Strategy**

There is a significant liability associated with the status quo in terms of potential collapse or failure of the cladding on the ore concentrator building. There is also a possibility that the society will be held responsible for the soil and groundwater contamination that exists within its property. In this context, exit



from the industry could be a viable option for BBHS to avoid facing liability charges. Exit would also help stop the society from investing significant time and effort into an initiative that has a high likelihood of failure. However, there are some major hurdles in the process. If the society chooses to sell or otherwise transfer ownership of the property to another entity, it will be required to submit a site profile to the BC Ministry of Water, Land and Air Protection under the BC Waste Management Act. This will likely trigger a Remediation Order under the Act, significantly limiting the society's ability to walk away from the problem. Given this, 'exit' may not be a feasible alternative for BBHS at the present time.

## **5.5 Criteria for Evaluating Alternatives**

Each of the strategic alternatives above must be evaluated against relevant criteria in order to determine which is most appropriate. Based on the analysis performed, the following are the criteria that seem most relevant:

- Meeting the needs of the public: How well does the alternative satisfy the shifting demands of the market? Based on market and industry analyses, it is clear that industry focus is shifting more and more to meeting the needs and desires of the end-user groups.
- Fit with the society's mandate: To what extent does the alternative fit with the stated mandate and purpose of the society? How will it affect the society's ability to fulfill its mandate?
- Financial feasibility: What is the likelihood that adequate funding can be obtained to implement the strategy?

- Competitive advantage and long-term sustainability: To what extent does the alternative provide a sustainable competitive advantage?

Each of the strategic alternatives presented here is evaluated against the above criteria in Table 5.1 below.

<b>Alternatives</b>	Status Quo	Seek Funding	For-Profit Partnership	Resource Sharing	Not-for-Profit Partnership	Exit
<b>Criteria</b>						
Meet the needs of the public	Low	Medium	High	High	High	Low
Fit with Mandate	Low to Medium	Medium to high	Low	Medium	High	Low
Financial feasibility	Low to medium	Low to Medium	Medium to high	Medium	Medium	Medium to high
Competitive advantage & sustainability	Low	Low	High	Low to Medium	High	Low

**Table 5-1 Evaluation of Strategic Alternatives**

Based on the above evaluation, a public-sector/not-for-profit partnership strategy is likely to be the most attractive alternative for BBHS. Partnership with a public sector/not-for-profit organization that can provide/raise the financial resources needed to diversify and expand the current operations will provide the society with a sustainable competitive advantage over its rivals. The level of interest shown by NR Can and University of British Columbia so far suggest that there is a reasonable probability that such a partnership initiative can be realized. However, there is still a significant degree of uncertainty associated with it, and BBHS' ability to 'make it happen' is fairly limited. In this context, BBHS needs

to consider the other viable alternatives that would provide the society with the resources and capabilities needed to address the immediate concerns that threaten its survival. Alternate strategies identified here are not mutually exclusive, and two or more of these strategies can be combined to optimize the outcome and maximize the advantage gained. The two alternatives that BBHS should consider, in addition to, or in conjunction with, the not-for-profit strategy are the 'seek funding' strategy and the 'resource-sharing' strategy. Both of these alternatives are feasible, given the government and industry/corporate focus on the site brought on by the 2010 Olympics, and both have the potential for addressing the immediate issues that threaten the society's survival – i.e. liability associated with the site and facilities and inability to attract the number of visitors needed for survival. A combination of the two strategies – seek funding for capital projects from governments and the mining industry while evaluating the feasibility of a resource sharing arrangement with a for-profit player – is likely to be a more effective approach than pursuing either strategy on its own.

## **6 CONCLUDING REMARKS AND RECOMMENDATIONS**

Based on the analyses presented here, BBHS' current operational approach is not sustainable and has minimal ability to fulfill the society's stated mandate for the museum. Financial constraints severely limit the society's ability to realize the sustainable competitive advantage it could have in terms of its location and 'attraction' potential, or undertake the marketing and promotion initiatives that are crucial for sustaining the museum. Lack of financial resources also prevents the society from addressing immediate issues that threaten the survival of the museum and the society itself.

Entering into a partnership with a public or not-for-profit organization that shares an interest in mining and an 'education' mandate to expand/diversify the museum and heritage site 'experience' is the most attractive strategy for BBHS in ensuring a sustainable, long-term operation that fulfills its mandate. While pursuing this strategy, the society should also look into obtaining funding for capital works needed to address the safety and visual appeal issues associated with the museum lands and heritage structures and the possibility of leasing a part of the society's property to raise operational funds.

### **6.1 Immediate Focus**

There is large degree of uncertainty associated with several aspects of the society's property and needs, including: the real estate value of the society's

property; the distribution of contaminated soil across the site and the costs involved in reclaiming the site or managing the risks associated with site contamination; the structural condition of the concentrator building and the amount of work involved in stabilizing it; and, costs involved in the basic cleaning up and restoration of the site and heritage structures. The society needs to resolve these uncertainties at least to some degree to be able to evaluate the feasibility of the alternate strategies and make a decision on which one(s) to pursue to what extent.

The society's organizational capabilities need to be reviewed in the context of developing and implementing the appropriate strategy (strategies). BBHS' current human resource capacity and executive abilities are not likely to be adequate from a business development perspective in facilitating an effective strategy development and implementation. Building up adequate internal capacity – both in terms of the executive and the museum's human resources - is an immediate priority in this context.

One of the current major operational concerns is the lack of focus on marketing and promotion. The society's spending on marketing and promotion initiatives has dropped over the past decade. Given the intense competition and increasing need to be 'seen' to survive as an attraction, this is an issue that needs to be addressed immediately.

### ***6.1.1 Recommendations***

Based on the above observations, the following ‘action items’ are recommended for BBHS in the immediate short-term:

- Initiate an advertising campaign that would enhance the museum’s presence and increase attendance. In October 2002, the museum conducted a Ghost Tunnel tour and Pumpkin Patch event, which was very well received by visitors. A similar event is planned for this year, and could be a great draw, if it is well promoted and publicized. Promoting this event through billboards and poster displays at strategic locations along the Sea-to-Sky highway and high traffic spots in the Lower Mainland is suggested as an immediate advertising priority.
- Undertake at least a minimum level of clean up and restoration of the site and facilities to enhance visual appeal – including painting the large mining truck exhibit and some degree of ‘yard cleaning’ and landscaping at the entrance to the site and the ticket office/gift store.
- The potential partnership initiative with Natural Resources Canada has created a need for constant dialogue and planning sessions, requiring significant time commitment and informed participation on the part of the society executive and the museum director. As the process continues, the organizational capability of the current

executive and staff of the society is not likely to be sufficient to balance the demands of the 'development planning' and the needs of the museum operations. In the next three to six months – before feasibility studies for the NR Can initiative begins in earnest – BBHS should add more capacity to the board in terms of knowledge base and time available and expand the human resource capacity of the museum to include an operational manager to allow more time for the museum director to be involved in the development planning process.

- Following the intense stakeholder consultation and planning session on the NR Can initiative planned for October, 2003, BBHS should formalize an *agreement in principle* with NR Can and other potential partners in development, including University of British Columbia, to clearly define the roles and levels of commitment expected of the parties involved. This agreement should be in place before the feasibility study progresses beyond its preliminary stages.
- Structural review of the concentrator building and capital cost estimates for stabilizing it was completed in 1990. The society should engage a structural engineering consultant to do an audit of the building and update the capital cost estimates from 1990 to

reflect the current condition of the building and changes in labour and material costs.

- A preliminary site investigation to assess the soil and groundwater quality of the museum lands and adjacent properties and a screening level assessment of the potential ecological and human health risk associated with site contamination were completed in 2002. The society should engage an environmental consultant to review the data gathered during these studies in the context of potential development scenarios for the property and estimate the costs involved in cleaning up or managing the contaminated soil and groundwater to the levels demanded by each development scenario.

Site rental income from the film industry in the current year has so far been much greater than the previous years, and the museum attendance has been fairly consistent with the past, leaving the society with 'extra' operational funds in the \$20,000 to \$25,000 range. \$7000 to \$10,000 from these funds is likely to be adequate to undertake an immediate advertising/promotion campaign. The rest of the funds can be devoted to site cleanup and restoration.

Consultant fees associated with the structural and environmental assessments recommended are likely to cost upwards of \$20,000 and may be beyond the society's current fiscal capacity. However, these studies are an integral part of the feasibility analysis for the proposed NR Can initiative. BBHS



should work with NR Can and other potential partners in the initiative to ensure that the studies are completed in a manner that provides maximum value to the society in terms of the information provided and when it is delivered.

Expansion of the human resource capacity of the museum will require careful consideration of the expenses involved and potential returns. As an immediate step, the society should consider hiring an intermediate level operations manager to run the routine museum operations and utilize the museum director's skills in facilitating the development planning process. With increased marketing and more efficient operational planning, this is feasible under the society's current operational capacity.

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