

# **EXECUTIVE SUMMARY**

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## **STUDY OBJECTIVE**

The objective of this study is to develop a Business Plan for the construction and operation of the proposed Pugwash Peace Exchange (PPE) and the renovation of associated buildings as a "world-class" interpretive, educational and research centre" as a major tourist attraction and conference centre for the North Shore region of the Northumberland Strait.

The mission of the PPE centre is to "*promote learning about the realities of war, and the necessity of peace and nuclear disarmament in the context of history, science and personal commitment.*"

The PPE centre will capitalize on the worldwide recognition of Pugwash as the birthplace of the Pugwash Conferences (winning both the Nobel and Lenin prizes) by utilizing the existing original buildings owned by Pugwash native, Cyrus Eaton and the construction of a new PPE Building, with regional, national and international appeal.

## **STUDY RESULTS**

### **Regional Development Potential**

The analysis undertaken in this study provides evidence for substantial economic development potential for the North Shore region of the Northumberland Strait as a result of the establishment of the PPE centre and its associated lines of business.

The construction of the PPE building and the refurbishment of the historical site will create a state-of-the-art interpretive, educational and research centre that will serve as a major tourism anchor for Pugwash and surrounding area. Based on the strength of the international membership in the Pugwash Movement, the growing interest in specialty tourism (such as eco-tourism and the peace movement), the growth in conferences and workshops with (both national and international scope) in the PPE business model, the PPE has the capacity to generate significant international interest in Pugwash, and Nova Scotia in general. Visitors to the PPE will spend on average 2-4 hours touring the PPE and associated buildings. In addition to visiting the PPE, visitors will stop to eat, enjoy other local activities, and in some cases, extend their stay, generating incremental impacts in the local economy.

In addition, the PPE facility represents an important contribution to existing innovative community infrastructure in the local economy. This facility will provide a "world-class interpretive, educational and research centre" providing a "right-sized" venue to host a number of conferences, workshops, youth programs, local events, providing extensive economic impact in the local economy. The PPE facility will be designed as a "*environmentally green*" multi-purpose venue and represents a unique centre in Atlantic Canada. The PPE physical infrastructure as well as the PPE business enterprise model offers significant potential for economic benefits due to the capacity for future research, conferences, youth programming, as well as, other collaborative lines of business. This will establish Pugwash as a "world-class" educational, research, and conference centre.

### **Expected Attendance**

Based on a review of visitors at similar centres in the local region and the annual number of visitors to the Northumberland region in general, we estimate a total of 8,000 visitors to the PPE in the first year of operation. This is expected to grow to 12,000 visitors in Year 3. By Year 4, attendance is expected to remain stable at 18,000 due to the unique nature of the PPE center and the continually growing membership and interest in the Pugwash movement internationally.

The estimated revenue from visitor attendance is estimated to be over \$75,000 in Year 4. On-site membership sales are estimated to be \$22,500 in Year 4, generating estimated combined total revenues from attendance and on-site membership sales of \$98,500.

### **Guided Tour Revenue**

The recommended fee for the interpretive guided tour of the historical building and "sacred" grounds is the same fee structure as the fee for entrance to the PPE Building. Based on a review of the literature, this is a very reasonable fee for an interpretive tour of a historical site of this magnitude. It is also assumed that roughly 30 percent of visitors will wish to participate in the guided interpretative tour. In addition, visitors to the PPE will be offered the option of purchasing a PPE membership, allowing them to take a guided tour free of charge at the time of purchase. The estimate projected revenue in Year 4 from guided tours is over \$26,000.

### **Gift Shop Revenue**

The proportion of gift shop visitors is expected to be roughly 25% of total visitors to the PPE, but could be as high as 40 percent. Average gift shop sales are expected to be \$20,000 in the first year of operation, rising to \$45,000 in the fifth year of operation. A low and high scenario for total sales per visitor is developed. The summary analysis utilizes total revenue estimates based on average sales per visitor.

### **Hosting Conferences, Research Groups, Workshops, Lectures**

Based on the original concept of bringing *small* groups of world leaders and “thinkers” together to explore peaceful resolution to conflict, as well as the design of the PPE facility, a strong business case exists for financially viable approaches to hosting small conferences, research, workshops and lectures. The business case for the conference program component of the PPE business enterprise is developed by building on existing networks and assets as well as on local resources within the community.

The key to hosting PPE conferences will depend heavily on the use of sponsorship due to the fact that conference participants most often do not have funding for the full cost of participation.

### **Developing the PPE Youth Program**

Based on a review of the overall objectives of the PPE centre, existing international networks, and the availability of local educational resources, the analysis suggests developing a youth educational program as a prominent line of business within the PPE business enterprise. The PPE youth program should be designed to promote youth in their appreciation and understanding of what a “culture of peace” means to the world and their commitment to strive for peaceful solutions to contemporary world problems.

A financially viable approach to the PPE youth program requires a concerted effort to make optimal use of existing international networks within the Pugwash Movement, to build on existing potential for sponsorship, and to utilize existing educational resources within the community and across Canada. As is the case with conference organization, corporate and government sponsorship is invariably paramount to providing support for youth programs.

Both corporate and government sponsors are often eager to be associated with sponsoring youth educational programs – especially when related to a topic such as promoting a greater

understanding and commitment to peaceful resolution. This is increasingly true now with the rise in corporate social responsibility throughout North America.

### **Smaller PPE Events (Speaker-Dinners, Receptions, Lecture/Films)**

A strong business case exists for smaller on-going events that are relatively easy to plan, do not require overnight accommodation, and can accommodate a larger number of people. These events include (but are not limited to):

- ❑ a PPE dinner with high profile guest speaker (e.g. visiting scholar at local university);
- ❑ a lecture followed by a small reception with small food items and wine and beverage sales;
- ❑ a private guided interpretative tour for a small group followed by a reception;
- ❑ small on-going events held annually in Pugwash such as the July 1<sup>st</sup> Peace Café and the Harbourfest celebration.

### **Rental of PPE Facilities**

The PPE has great potential in developing its Exchange Building (and related historical buildings) rental business by renting out space to a wide range of groups for a range of suitable functions and events. The Thinkers’ Circle in the Exchange building has the capacity to seat up to 200 persons for a lecture, video or focused discussion series. The Dining Hall could be used as a location for stand-up receptions or small sit down dinners. Receptions can also be hosted in the Exchange Building reception area or in the Thinkers’ Lodge. Local catering services can be contracted to provide all catering services required for events hosted at the PPE facilities. Arrangements would be made with local catering and accommodation services such that the PPE would receive a percentage of the catering and accommodation gross revenues received.

A review of rental rates for comparable facilities in Canada indicates that a basic rental rate of \$200 - \$300 per event is a reasonable fee, with add-on costs charged for additional space or services required. In the first couple years of operation we anticipate that the PPE facility will be rented for an average of three events per year, growing to an average of 10 rental events per year by year 5.

### **Projected Membership Revenues**

A total of 610 memberships (including new memberships and renewals) have been sold as of mid August 2006, with total revenue of over \$3,500. PPE memberships are projected to

increase to 800 by the end of 2006, and to 1,000 in 2007, largely due to the Extraordinary Workshop held in July of 2007. Membership will continue to increase in 2008 with the completion of the Exchange building and again in 2009 with the growth in visitors to the PPE centre. It is also assumed that roughly 80 percent of PPE membership sales purchased on site at the PPE will be renewed annually provided a concerted effort to maintain membership renewals and securing new memberships is in place. Offering members an automatic annual membership renewal process is the suggested mechanism to ensure their PPE membership, PPE newsletters, correspondences, and on-going connection is maintained. Membership revenue is estimated to be \$5,500 by the end of Year one of operation of the PPE, growing to over \$24,000 by Year 4.

### **NET FINANCIAL ANALYSIS**

The financial analysis for the business case assumes the Exchange building and restoration of the historical PPE buildings will begin in late 2007 and will be completed sometime in 2008. This analysis shows that by the end of the first full year of operation of the completed Exchange building, the PPE enterprise will earn over \$240,000 in gross revenue and a positive net income of over \$27,000. As the PPE youth program, conference program and other lines of business are further developed in year two and three of operation, additional staff will be hired. By the end of year 5, it is estimated that the PPE business enterprise will have an annual operating position of roughly \$84,000.

### **CAPITAL BUDGET**

An estimated \$4.8 million has been identified to undertake all the recommended infrastructure improvements outlined in the business plan. This estimate is based on 2006 contractors prices, including all materials, equipment, labour, taxes, design, tendering, and inspections. As such, they can be considered accurate to about +/- 20%. In addition, it is recommended that an Endowment Fund of \$1 Million be established as a means of assisting with the development of the PPE Youth Program and Conference Program in the first three years (until sponsorship for these programs is well-developed) and for the attainment of long-term operational sustainability.

Based on the capital cost estimates and Endowment Fund requirements, the total cost of the project is roughly \$5.8 million, of which \$2,030,000 (or roughly 33%) is available in existing property value.

### **MARKETING PLAN**

The marketing plan is based on a full market assessment of visitors to the Northumberland Shore, as well as a market assessment of the demand for facilities to host small events and conferences as well as a national youth program aimed at understanding and fostering peaceful resolution to contemporary world problems.

The marketing plan identifies the need for promotional material to be developed targeted for specific market groups and specific lines of business. The development and maintenance of a website tailored to identify specific lines of business in the PPE operation is becoming more important than the promotional pamphlets, although both will be required for all lines of business under the PPE. Separate links should appear for each of the lines of business on the PPE website.

The marketing plan also identifies the need for effective use of media as well as community level fundraising. Effective use of media can lead to extensive promotion and increased awareness of the PPE and its on-going programming and events.

### **FUNDRAISING STRATEGY**

The PPE Fundraising Implementation Strategy is based on a series of sequential steps designed to build the fundraising capacity at each sequential process and place the PPE business enterprise on firmer ground.

- Community-based fundraising
- Formalize a Committee
- Decide on targeted amounts for fundraising
- PPE Member Involvement
- Plan Official Event to Launch Fundraising Campaign
- Identify Government Funding Sources
- Community Involvement
- Establish a Fundraising Schedule
- Create a Project Prospectus
- Launch the Full Fundraising Campaign:

The PPE Fundraising Implementation Strategy identifies several distinct fundraising campaigns:

- A public-sector campaign
- A public-private sector campaign (July 2007)
- A private sector campaign (Fall 2006) focused on the creation of the Endowment Fund used for educational purposes.
- A local campaign designed to demonstrate tangible community support through PPE membership and community members.