

MIDTERM CASE STUDY ANALYSIS REPORT: LOST CREEK ANGLING

by Maya Kapur

PSDS 3430 A Strategic Management

Brian Gurski

Parsons School of Design

New York City, USA

27 March 2020

Table of Contents

| | |
|---|----|
| I. Overview | 3 |
| II. Situation | 3 |
| III. Internal Assessment | 3 |
| a. Vision, Mission, and Values..... | 3 |
| b. Cultural Competence | 3 |
| c. Leadership | 4 |
| d. Business Model | 4 |
| e. Strengths and Weaknesses | 4 |
| IV. External Assessment..... | 5 |
| a. Industry | 5 |
| i. Ecosystem..... | 5 |
| ii. Five Forces | 5 |
| iii. Value Chain..... | 6 |
| b. LCA Business..... | 6 |
| c. Competition..... | 7 |
| V. Strategy | 7 |
| VI. Conclusion and Recommendations..... | 8 |
| VII. References..... | 9 |
| VIII. Appendix | 10 |

Overview

This report will assess Lost Creek Angling (LCA), an ecotourist experience located on the Wigwam River in Canada, based on the information presented in the case study W18259. The competition in and around this area will be examined in the overall macro environment. Based on an in-depth analysis of the case study, recommendations for the company will be proposed.

William Wilcox, who is an accomplished fishing guide and outdoorsman, and his wife founded and manage LCA. Wilcox is able to offer his clients an education and appreciation for nature.

Situation

There are a few primary issues that LCA faces and decisions that will have to be made.

Wilcox is in his early seventies and would like to retire in the next five years. This time is best used transitioning his business in a way that maintains its operation and ensures that the experiences provided have high quality.

Therefore, the main decisions are regarding the following:

1. Fly fishing permits
2. Company offerings
3. Entering new markets
4. Any partnerships to be made

Internal Assessment

Vision, Mission, and Values

Through his company, Wilcox built a place for clients to de-stress and enjoy nature. He wanted to provide services that he has always enjoyed.

Overall, the company has a strong sense of identity regarding their core beliefs. They share this with their clients through a set of standards that the company follows which is outlined in their value chain.

Cultural Competence

LCA is well aware of how their actions affect the people, environment, and businesses around them and the impact that they could have. However, they have a strong environmental and social mission, standing up for the conservation of nature and fish.

Their attitude is reflected in their business practices. For example, despite offering fly fishing as an activity, Wilcox makes sure to abide by laws regarding overfishing and often speaks about the dangers to the ecosystem. Additionally, he does not interact with or infringe upon aboriginal lands and even went so far as to hiring an archaeological consultant to survey the area.

Wilcox's knowledge from his work background allows him a skillset in educating his clientele about the issues that arise when engaging in nature or activities like fly fishing.

Leadership

William Wilcox worked various jobs such as being a journeyman, operating trucks from Line Creek mine or managing recreational properties, which included checking for insurance compliance, liaising with contractors, and clearing snow. He also spent many years as a ski patroller and search-and-rescue volunteer which established a positive reputation in the community.

Wilcox has a commitment to and respect for nature, which influences his leadership decisions. It is important to note that he found partnerships challenging because of a lack of control. There is an uncertainty in regards to considerations when it comes to the environment. However, if Wilcox plans to retire in five years he will not have a choice but to involve others in his business.

Business Model

LCA offers various packages for its client getaways. They range from one to four nights and include accommodation on site as well as two meals per day. It is important to note that fly fishing locations are priced differently. Visitors can opt for a scenic boat trip with an experienced guide. This is designed with a low carbon footprint in line with the company's environmental values.

All visitors are provided fly-in-fly-out helicopter services, as it is a difficult journey on foot. Some specifics that they let their clients know include the use of propane for heat when boiling water or cooking. All their food is brought in and waste is taken out as per their safety measures which prevent wildlife from being drawn to the camp. There is a compostable and biodegradable porta-potty available as toilet facilities.

Strengths and Weaknesses

Strengths

Overall, LCA has a very good positive reputation. It is tied directly to Wilcox himself as he is an active member in the local community. This is correlated to the marketing of the business and services, as the company relied purely on word of mouth. Client testimonials are all positive — where they comment on an excellent experience, in no small part due to Wilcox's own knowledge, organization, and personality. They recognize that he has a very personal stake in the company.

Weaknesses

There are, however, aspects that the company could improve on. One main sector of the business is marketing and advertising. LCA has a very basic informational website that is dated in design and lacked an online booking capability. They also have no social media.

They also had some concern regarding fly fishing practices such as catch-and-release; they consider it was unethical treatment of fish because fish have nerves and undergo pain and terror due to distress and can die of the suffocation and shock from being temporarily removed from their natural environment.

External Assessment

Industry

Ecosystem

Positive forces to consider are the non-profit organizations Fernie Fly Fishing and Elk River Alliance. The former aims to “connect people with our local fishery in a meaningful and personal way [... by actively involving them] in conservation and preservation.” The latter aims to “connect people to the Elk River ensuring it is drinkable, fishable and swimmable for future generations.” These two groups can be considered potential buyers or partners because they share LCA’s company vision and values to educate clients about the environment.

Additionally, other stakeholders, such as local activity organizations or food businesses, thrive on the customers available to them. A partnership and the possibility of increasing clientele from LCA will allow for overall growth in the area.

While they have a neutral relationship with stakeholders such as aboriginals, LCA had received some opposition by a local environmentalist activist group called Wildsight, who strive to protect the Kootenay region. This can create pressure on the company if any changes were to be made.

Government policies and the permit process also create pressure on LCA as a business. However, the company does not have a choice but to comply if they wish to continue with the activities thus far. By introducing partnerships, the company does not have to solely rely on the business that fly fishing brings in. It is important to consider in the interim if the permits become more of an issue in the future.

(Refer to Appendix A: Ecosystem Strategy)

Five Forces

The potential entrants are in fact indirect competitors. They are weak because they aren’t in the Fernie area and do not provide a complete package. Those companies have a very small part of the market share and do not seem to have potential for growth.

The substitutes that are posed to replace LCA are not very strong because it requires the customer to plan and be engaged in the research of accommodation and renting equipment. While it can substitute for parts of the ecotourism travel, it cannot substitute for the education and personal experience that LCA can give its clients. A large part of why clients return and give a glowing testimonial is because of Wilcox himself.

Wilcox was already contacted in 2015 by an angel investor. Possible buyers see the potential in his business and it is a means to continue.

Suppliers become one of the most important forces in competing with businesses similar to LCA. To eliminate the varying factors in the business’ supplies, they could partner with parts of their supply chain. This will further be explored in the strategy and recommendations.

(Refer to Appendix B: Five Forces)

Value Chain

LCA's value chain analysis reveals a few flaws that the company can improve upon:

1. Their accounting should be formalized so as to not presume that the company is doing better than they thought.
2. Their website should be improved so that it should highlight all trip details and why LCA provides a great experience.
3. There are many moving parts when it comes to procurement and management of the inbound logistics that could be simplified with partners.
4. Marketing needs improvement so that they have better visibility.

(Refer to Appendix C: Value Chain)

Strategy

LCA's Business

LCA's target market is currently wealthy, middle-aged businessmen from the United States who love fly fishing and have a disposable income to spend on ecotourism travel and activities. However, the market data shows an opportunity for expansion. Fly fishing has increased in Fernie over the last ten years. It is an area that has predominantly become known as a ski destination but is becoming an all-season location with fly-fishing, mountain biking, ziplining, and ropes courses. The main focus is on being a natural destination with environmental education, conservation, and support for local cultures and economies. Their market is willing to pay higher rates with repeat visits that advocates for a healthy and sustainable lifestyle. Companies are responsible for the production of products and whereas their market believes in conscious brands, that perhaps have an equivalent of a B Corp certification. A new segment includes an increased number of females between the ages of 45 and 65 with families, who are educated, have disposable income, and believe in upholding quality. For those between the ages of 18 and 44, they place a higher value on image or status, and engage in social media.

LCA's website needs updating and does not have any social media. This may not influence seniors' decisions in buying a package as much but will be of the utmost importance if the company decides to expand into a younger market. However, spread by word of mouth is an aspect that any company would strive for — where they become synonymous with being diligent, conscientious, and caring.

It is important to note that LCA does not have a formal accounting system and their numbers may vary. Currently, LCA has a combined revenue of \$46,293. In LCA's best year, 2013, they collected a 10% return before counting the labor of Wilcox and his wife. In 2014, they spent \$1,984.77 on food and drink, which is 27% lower than in 2012, due to the shift in sourcing supplies from Costco Wholesale.

Despite LCA not being very profitable, there are two important notes: an angel investor saw value in the company and wanted to provide equity, and the client base that they have has loved their experience and is loyal. Therefore, even though in the BCG Matrix it shows LCA as a company to divest, in the growth cycle chart it shows the possibility of steady growth in Wilcox's timeline of five years if they commit to making necessary changes.

(Refer to Appendix D: BCG Matrix)

(Refer to Appendix E: Growth Cycle)

Competition

LCA's main competitors are Fernie Wilderness Adventures and Montana Angler. From the perceptual map, LCA can gain more business and more of a market share by creating a variety of activities. The environmental focus already aligns with their current market as well as the new market that they could consider.

The competitive matrix shows the three businesses alongside each other. While the LCA clientele will not be as adventurous as those who are attracted to FWA, Montana Angler is similarly family-based. However, given that Montana Angler is not located in British Columbia, LCA would have an advantage. LCA can move into a similar space as Montana Angler, but will be able to have more packages and the personal sentiment as well as knowledge that Wilcox brings to the company. LCA also has clear values in education and environmental protection that they wish to share.

(Refer to Appendix F: Perceptual Map)

(Refer to Appendix G: Competitive Matrix)

Strategy

Given the short timeframe of five years, LCA's priority should be turning profitable, enough to sell. During this period of time, they can take a small investor to help with this if they see fit.

Conclusion and Recommendations

From the information presented above, Lost Creek Angling can draw a few possible considerations.

The way that they can turn profitable is to partner with businesses to cover parts of their inbound value chain for food, lodging, and expansion of their activity offering. While this sounds like their entire business, partnerships are a way to achieve their goal quickly. LCA can focus on logistics and creating the special relationships with their clients that has them returning.

Note that this change in business model assumes the update in website and marketing therefore influencing LCA's visibility.

Partnering gives LCA a few benefits:

1. Partnering with equipment rentals still allows LCA to manage the human resources side of the activities without the investment necessary to do so
2. By adding a variety of activities (eg. bird watching, river rafting/tubing, hikes, ropes courses, mountain biking, ziplining, yoga/meditation, rock climbing), LCA can appeal to a larger market
3. If the permits for fly fishing become increasingly difficult, adding activities allows the company to continue without haste
4. Partnering with lodging facilities allows LCA the opportunity to grow and host more clients
5. Better lodging facilities cater to the market of families (instead of individuals) and younger generations
6. Local lodging facilities that partner with local food vendors create steady growth for the community and will bring more business in the long run
7. Changing their business model makes LCA more desirable to sell and stable long term as it is harder to find a buyer who would want to take on the same burden of day to day operations in Wilcox's model

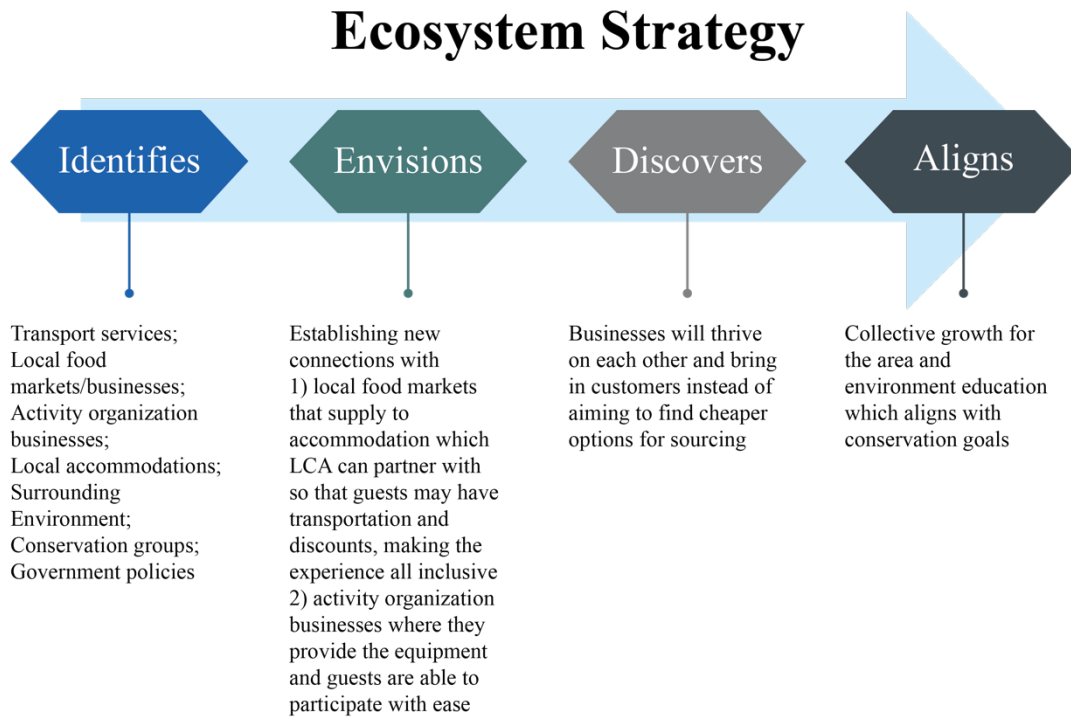
References

“About Us”. *Elk River Alliance*, <http://www.elkriveralliance.ca/about>.

“Our Goals: Connect, Involve, Have Fun!”. *Fernie Fly Fishing*, <http://fernieflyfishing.com/about#our-goals>.

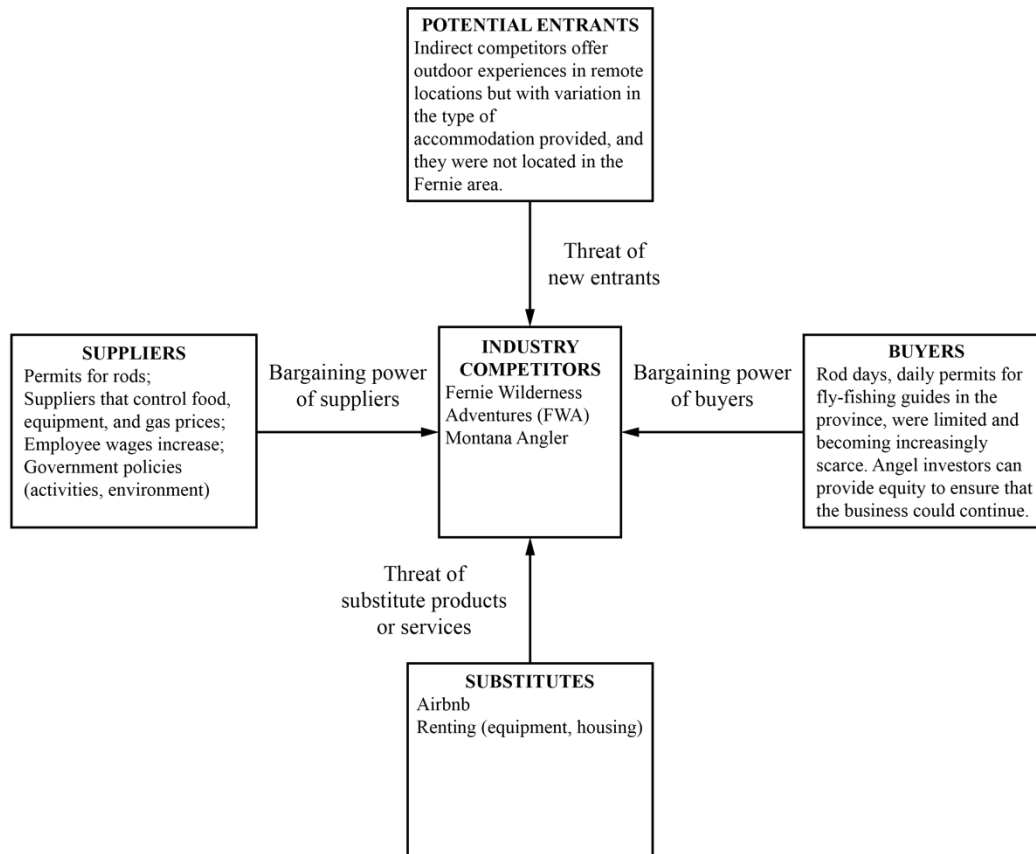
Van der Byl, Connie, and Parks Ryan. "Lost Creek Angling: Fishing For Profits And Navigating Mission Drift". *Harvard Business Review*, 2018, <http://www.iveycases.com>.

Appendix



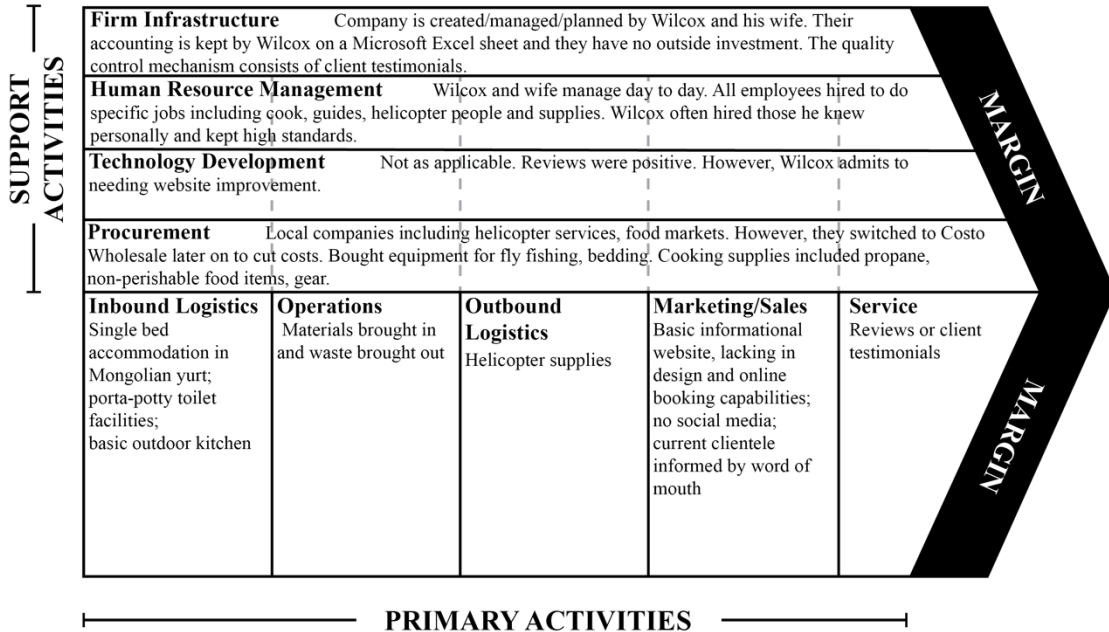
Appendix A: Ecosystem Strategy

Five Forces



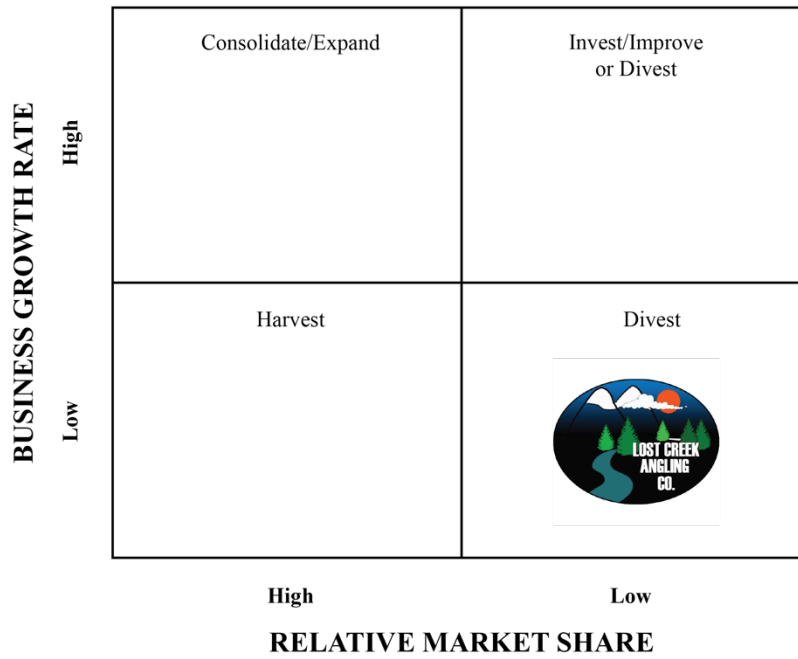
Appendix B: Five Forces

Value Chain



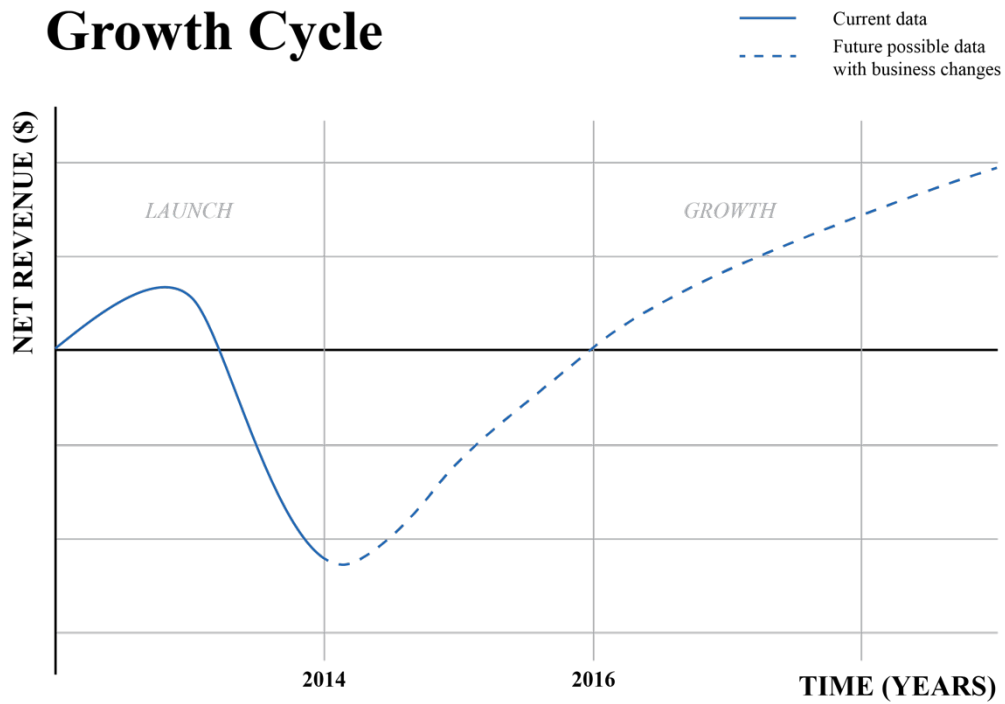
Appendix C: Value Chain

BCG Matrix



Appendix D: BCG Matrix

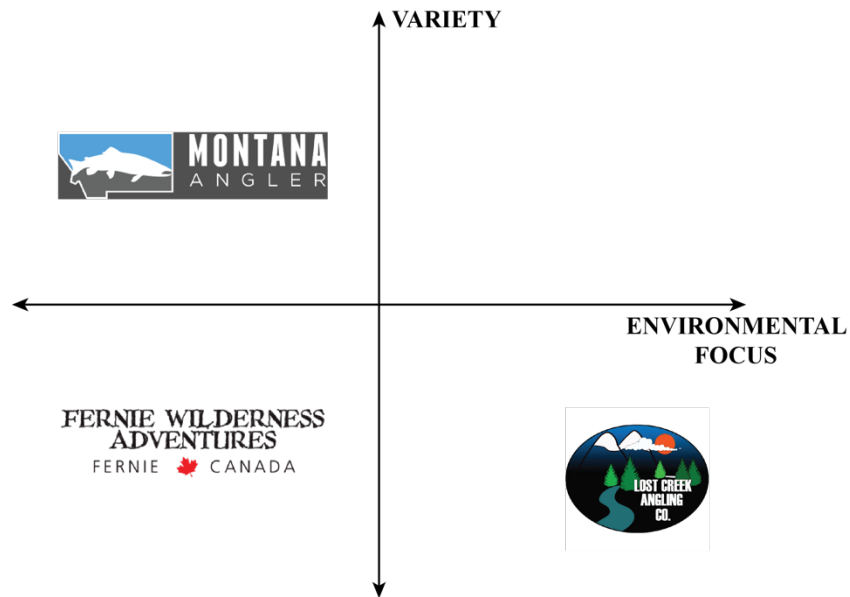
Growth Cycle



Appendix E: Growth Cycle

Perceptual Map

Positioning Relative to Key Market Dimensions



Appendix F: Perceptual Map

Competitive Matrix

| | LCA | FWA | Montana Angler |
|-------------------------|--|---|---|
| Target market | Middle-aged, wealthy, businessmen, repeat customers | Active adventurists | Family-based |
| Location | Fernie, British Columbia | Fernie, British Columbia | Montana, on US-Canada border |
| Time in business | Since 2012 (at least) | 20+ years | Unknown, long experiences |
| Open per year | Mid-July to early September | Year-round | Not confirmed |
| Activities | Fly fishing; scenic boat trip with guide | Guided fishing; cat skiing | Fly fishing; day-trips; wilderness camping adventures |
| Accomodation | Basic on-site with two meals | FWA lodge | Coordinates third party stays |
| Online booking | None, phone/email | Available in different forms, specifcally have online booking | Available in different forms |
| Cost | Low cost | Variety, customizable | High cost |
| Ease | Basic | Very ease to use, clearly presented | Easy to use, clearly presented |
| Information | Basic | Accessible through third party websites | Accessible through third party websites |
| Flexibility | 2-4 possible packages (with and without fly fishing) | Flexible pricing and packages | 2 packages |

Appendix G: Competitive Matrix