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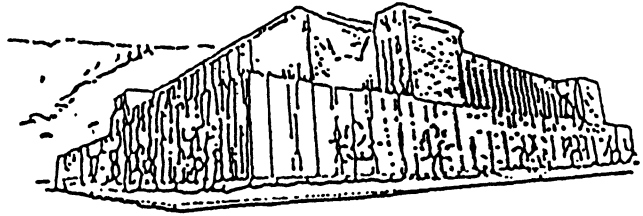
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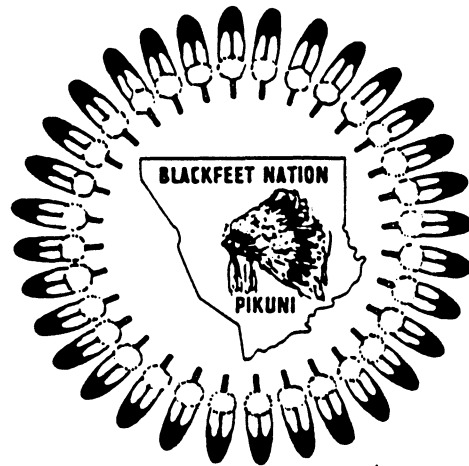
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PIKUNI LODGE



By

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B. S. , The University of Montana, 1994

Presented in partial fulfillment of the requirements

for the degree of

Master of Business Administration

The University of Montana

1996

Approved by

Chairman, Board of Examiners

Dean, Graduate School

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- Exhibit 5 : Cash Flow Planning Sheet, Year 1**
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1. Executive Summary

Concept

A multi-functional resort hotel for resident/non-resident tourists, travelers and outdoor sports enthusiasts visiting the Blackfeet Indian Reservation and adjoining Waterton Glacier International Peace Park presents a golden opportunity. The Blackfeet Tribe will build a resort hotel named *The Pikuni Lodge*. It will be located on the Blackfeet Indian Reservation in northcentral Montana. The lodge will provide year round lodging, food and beverage services. *The Pikuni Lodge* will consist of 150 guest rooms, conference/meeting rooms, recreational, food & beverage facilities. It will capture the overflow of park tourists and provide services for the winter sports enthusiasts. It will also cater to the business travelers as well as conference/meeting facilities for American and International companies and corporations.

Market Opportunity

The market opportunity for a multi-functional resort hotel is tremendous. The hotel and tourism industry go hand in hand on the Blackfeet Indian Reservation and Glacier National Park. The tourist/travel/winter sports enthusiast market/industry add to the economy of the reservation and park and will provide economic support for the lodge. The reservation holds great interest mainly because the world has gained interest in Native American culture, history and traditional activities. Its location adjacent to U. S. and Canadian national parks, near wilderness areas and historic trails add to its market potential. Glacier National Park has always attracted enormous numbers of tourists. In 1994, there were 2.1 million visitors to Glacier National Park. Glacier Park, Inc. (GPI), a subsidiary of Dial Corp. located in Phoenix, Arizona, operates all the lodges and motels of Waterton-Glacier International Peace

Park under a 25-year government contract. GPI enjoys virtually no competition. According to GPI, all available hotel/motel rooms are booked a full year in advance and enjoy 95% occupancy all summer season. The hotels and motels are closed in the winter. Montana park visitor numbers to Glacier Park have been out pacing growth at the national level where national park attendance is at an all-time high. Montana visits grew by 2.5% to 3.0% in 1993.

Management Team

The Pikuni Lodge will be managed by a hotel management company. The Blackfeet Tribe has determined the lodge can be managed more efficiently and effectively with a professional hotel management company. Under the auspices of a hotel management company, the lodge will be viewed as less of an investment risk. As principal owner, the Tribe, through a subsidiary corporation called *Blackfeet Ventures*, will enter into a joint venture long term lease agreement or management contract with a reputable hotel management company.

Financial Returns

The total project cost of *The Pikuni Lodge* from investigatory costs through construction to pre-opening is \$11,280,138. The Blackfeet Tribe and a hotel management company will invest 100% equity in the project totaling \$4,479,264. The Tribe will seek financing for the remaining \$6,800,874. The monthly breakeven point in dollars for the lodge is \$215,414. The yearly breakeven point in dollars is \$2,584,968. Year 1 beginning cash balance is \$200,000. Year 1 room sales are \$2,804,609 which will result in a profit of \$169,089. Year 2 room sales are \$3,039,072 with a profit of \$209,514. Year 3 room sales are \$3,151,517 with a resulting profit of \$248,602. A profit is still realized after debt service for the financed amount of \$6,800,874.

1. The Company & Its Overall Strategy

Opportunity

The need to provide lodging facilities for tourists and travelers visiting the Blackfeet Indian Reservation and adjoining Waterton Glacier International Peace Park presents a golden opportunity for the Blackfeet Tribe. Tourism, in general, has always been a potential source of economic development for the Blackfeet Tribe and Glacier National Park. Glacier National Park generates its economy from tourism. The park has a contract with Glacier Park Inc. (GPI), a subsidiary of Dial Corporation, to operate the lodges and other park services. In 1985, GPI realized revenues of 7.5 million dollars. More recent figures put the revenues in the 10-12 million dollar range. Tourism can play an increasing role in business and economic development for the Blackfeet Tribe and its tribal enterprises in the years ahead. It can spearhead the spread of culture and cultural understanding. The goal, of course, is to generate business. This can be accomplished by providing new offerings or polishing existing attractions which appeal to tourists. More specifically, meeting the needs of tourist in such areas as food and lodging has always been at a premium. The Blackfeet Tribe is concentrating its economic development efforts in the area of providing lodging services to tourists. A similar resort hotel, the *KwaTaqNuk* Resort Hotel which is owned and operated by the Confederated Salish and Kootenai Tribes and located in Polson, Montana has been successful.

Current lodging facilities for tourists visiting Waterton Glacier International Peace Park and the Blackfeet Indian Reservation are filled to near capacity in the summer months and are closed in the off season which includes the fall and winter months. According to Glacier Park, Inc. (GPI), all available hotel and motel rooms are booked a full year in advance and

enjoy 95% occupancy all summer season. Montana park visitor numbers to Glacier National Park have been out pacing growth at the national level where national park attendance is at an all-time high. Montana visits grew by 2.5% to 3.0% in 1993.¹ Glacier National Park has always attracted enormous number of tourists. The visitors to Glacier National Park is increasing at an average yearly rate of .5%.² The combination of these two reasons has prompted the Blackfeet Tribe to pursue the opportunity of building a lodging facility which will attract the summer tourists and provide lodging facilities for the winter sports enthusiasts.

The facility can also be utilized to provide services for conferences, conventions, and meetings for American and International companies and corporations. It can also be used as a site for training by outside sources as well as the Blackfeet Tribe. There exists virtually no business conference/meeting facilities on the Blackfeet Indian Reservation and such facilities in Glacier National Park are limited to only the summer months. The Blackfeet Tribe's lodging facility will be named "*The Pikuni Lodge*". The lodge's name "*Pikuni*" is a word in the Blackfeet language which means "*Blackfeet*".

The lodge will be a multi-functional resort hotel for resident/non-resident tourists, travelers, and outdoor sports enthusiasts visiting the Blackfeet Indian Reservation and adjoining Waterton Glacier International Peace Park. It will also serve the business travelers and the business community in general. It will be located on the Blackfeet Indian Reservation

¹ Stephen F. McCool, "Issues in Tourism." Montana Business Quarterly Magazine, Spring 1994, 2.

² Gerald L. Nelson, Glacier National Park 1994 Travel Year Summary Report, West Glacier, Montana: National Park Service, U.S. Department of the Interior, West Glacier, MT, December 1994.

in northcentral Montana. It will provide year round lodging, food and beverage services. *The Pikuni Lodge* will consist of 150 guest rooms, conference/meeting rooms, recreational, food & beverage facilities.

The market opportunity for a multi-functional resort hotel is tremendous. The hotel and tourism industry go hand in hand on the Blackfeet Indian Reservation and Glacier National Park. The tourist/travel/winter sports enthusiast market/industry add to the economy of the reservation and park and will provide economic support for the lodge. The reservation holds great interest mainly because the world has gained interest in Native American culture, history and traditional activities. Its location adjacent to U. S. and Canadian national parks, near wilderness areas and historic trails add to its market potential. The mountain setting provides a beautiful, peaceful and relaxing atmosphere for conducting business meetings and conferences for companies and corporations.

Company History

The Pikuni Lodge, a multi-functional lodging facility, will be built and owned by the Blackfeet Tribe. The Blackfeet Tribe is governed by the Blackfeet Tribal Business Council which conducts all business for the Tribe.

The Blackfeet Tribal Business Council is the duly elected body empowered to handle and discharge the business of the Blackfeet Tribe of the Blackfeet Indian Reservation. The Blackfeet Tribal Business Council is responsible for the economic development of the Blackfeet Tribe as defined by the Tribe's Constitution and By-laws.³

³ Feral Wagner, Blackfeet Tribal Overall Economic Development Plan Update: 1992-1997 (Browning, MT: Privately Printed, 1992), 127.

The Blackfeet Indian Tribe was organized in 1935 under the Indian Reorganization Act. It exists both as a political entity and a business corporation. All tribal members are shareholders in the corporation. The Tribal Business Council which is composed of nine members conducts both the political and business affairs of the Tribe and the corporation.⁴ The Tribal Business Councilmen are elected by secret ballot by eligible tribal members and serve for two-year periods. The Tribal Council elects and appoints its own officers and hires its own staff. In the past, the Tribal Council has been granted broad political powers. The Blackfeet Tribe in conjunction with the Economic Development Committee and through a subsidiary corporation called *Blackfeet Ventures* will enter into a joint venture agreement with a reputable hotel management company will be owners of *The Pikuni Lodge*.

The following information is presented here to provide a better understanding of the Blackfeet Tribe and the Blackfeet Tribal Business Council and their connection to economic development through tourism on the Blackfeet Indian Reservation.

HISTORY OF THE BLACKFEET TRIBE AND RESERVATION

The modern Blackfeet Nation descended from three of the most powerful Indian Tribes in the Northwestern plains; the North Piegans, the "Blackfeet" or South Piegans, and the "Kainai" or Bloods. All Three tribes spoke a common language. Members of these tribes lived in the present Province of Saskatchewan until about 1730, when they started to move southward where the buffalo and other game were more abundant. All of today's Blackfeet tribal members in the United States are "Blackfeet" or South Piegans. Although there is some

⁴ U.S. Department of The Interior, Bureau of Indian Affairs, Corporate Charter of the Blackfeet Indian Reservation Montana (Washington D.C.: U.S. Printing Office, 1957), 1-7.

controversy over the origin of their name, "Blackfeet" is thought to refer to the characteristic color of their black moccasins from the campfire ashes. The Blackfeet dwelt almost exclusively in Montana, a territory also occupied by the Gros Ventre and the Assiniboine, a distant relative of the Dakota or Sioux Indians. Observers on the early frontier spoke erroneously of these two latter tribes as members of the Blackfeet. However, these two tribes, along with the Shoshoni to the south, were inveterate enemies of the Blackfeet. When the early missionaries and treaty-makers first attempted to contact these tribes, they were often caught in Tribal wars being fought between the Blackfeet and their enemies.⁵

The non-Indian population which had migrated from the European countries in their quest for freedom began their westward move from the eastern part of the United States in search of furs, land, and riches. The 1700's saw the entrance of the fur trade in Blackfeet Territory, with the buffalo robe becoming an important item of trade and business. The westward expansion of the white society demanded more land for the settlers, fur companies, railroads and their businesses and military establishments necessary for the protection of the railroads and settlers. The Blackfeet People's land was needed & the treaty making era began.⁶

In exchange for land, the United States Government ratified treaties that usually were not kept with the Blackfeet People promising peace, protection, agricultural goods, services, education, money and inviolate land.

⁵ Farel Wagner, Blackfeet Tribal Overall Economic Development Plan Update: 1992 -1997 (Browning, MT: Privately Printed, 1992), 121.

⁶ Ibid, 121.

The following is a brief summary of these treaties:⁷

1851 - Treaty of Ft. Laramie. Although the Blackfeet were not present at this meeting and were not represented or consulted, the boundaries of the Blackfeet Nation were limited and set for the time being with provisions for peace, roads to be established and civilian and military outposts to be built.

1855 - A. Cumming and Isaac S. Stevens, Commissioners on part of the United States concluded the first treaty with the Blackfeet. Peace was to be upheld between the three nations of the Blackfeet, Flathead and Nez Perce. A common hunting ground was established. The U.S. Government promised to protect the tribes against the wrong doings of the settlers residing in or passing through their country. In exchange the U.S. was given permission to construct roads, establish lines of telegraph and military posts, use materials to build their agencies, missions, schools, farms, shops, mills and stations. In return the U.S. promised funds and educational services, agricultural training, and equipment. Many of the old people died waiting for the fulfillment of these promises.

1865 - Unratified treaty which ceded more land to the non-Indian's government.

1888 - May 1, 1888, an Act of Congress ratified and confirmed an agreement with the Gros Ventre, Northern and Southern Piegans, Blood, Blackfeet and River Crow in Montana which ceded more land to the United States and agreed to separate reservations. This treaty again promised many services and goods plus funds to the tribes. It also allotted lands to tribal members - 160 acres for the head of family, 80 acres to each child over 18 years of age and 40 acres to each child under 18 years of age.

1896 - June 10, 1896 - An agreement with the Indians of the Blackfeet Indian Reservation and the United States was confirmed and ratified by Congress. The Blackfeet ceded a strip of land which was later to become Glacier National Park. This again was done in exchange for funds, goods, and services designed to promote the civilization of the Indians.

1871 - End of treaty making period. Congress determined that Indians were not to be considered foreign powers and no more treaties were to be made with them.

At the end of the treaty making period (1871), the United States had other methods of securing more land and through Presidential Orders and Congressional Acts (Executive Orders of 1873, 1874, 1875, and 1880) the Blackfeet land base dwindled to its current size. From

⁷ Ibid, 122 - 123.

an original territory that extended from the Yellowstone River to the Saskatchewan River in Canada and from the Continental Divide to the confluence of the Missouri and Yellowstone Rivers, the Blackfeet's land was reduced to a small 1.5 million acre tract of land in Northwestern Montana.

In the early times, the buffalo contributed a great deal of the Blackfeet's existence; meat for the staple diet, hides for the lodges and clothing, robes for the tepees, and bones for some of the tools. The buffalo meat was supplemented by roots, berries, and fruit. The Blackfeet at that time, required very little else to maintain their accustomed way of life.

Although the Blackfeet had only a minor interest in trapping, they were skillful hunters. Therefore, as the fur trade entered the Blackfeet Territory in the mid 1970's, the buffalo became a vital part of the trade. In 1874 the northwest buffalo herd was estimated at four (4) million; by 1879, 5 years later, there were only a few buffalo left on the plains; in 1883-84 the buffalo were virtually exterminated. Some had been killed to feed the railroad crews, but most had been massacred for their hides.

With their natural economy gone, the Blackfeet became dependent upon the government for food and supplies. The government was ill prepared for such a crisis. Winter rations were greatly underestimated by agent John Young. His ignorance and ignorance of the government caused a catastrophe during the winter of 1883-84 as the annuities for the Indians did not arrive. Some 600 Piegans starved or froze to death that winter. Bones and bodies were scattered about until public health hauled them away for burial on a small ridge to the east. This burial ground became known as "Ghost Ridge".⁸ At that time, the Blackfeet Agency was

⁸ Ibid, 124.

located on the Big Badger Creek area which is located on U.S. Highway 89 about 18 miles south of the present day townsite of Browning.

The impact of the missionaries on the Blackfeet is another part of the history of the Tribe. The missionaries came to the Tribes in the early 1800's to bring Christianity and education. In 1859 the first mission school was opened for the Blackfeet Indians near Choteau, Montana, which was the reservation land at that time. Three log cabins were erected and called the St. Peter's Mission. In 1883 a small one room mission school was opened at Robare. The Catholics or "Black Robes" were the first of the religious groups to have an impact on the Blackfeet, although other religious groups were present.

The government and public schools began providing educational services to the Blackfeet and in the late 1800's and early 1900's. Willow Creek School was established by the government in 1892. In 1904 the Cut Bank Boarding Dorm was opened for 125 students. The first government day school opened in Heart Butte, Old Agency, and Starr School in 1915. The first public school opened at Four Persons Agency in Choteau in 1872 and closed in 1876 because of poor attendance. Altyn opened a school for white children in 1898 in the Babb valley. The first public school in Browning opened in 1905 for 20 students. Government boarding schools off reservation such as Carlisle were the primary source of education for many years with many of the Indian children taken from their homes forcibly to attend these schools.⁹

An interesting note in the history of the reservation was in 1903-04 a fence was built around the entire reservation with the only exits at Whiskey Gap on the Canadian Line, Robare

⁹ Ibid, 125.

on Birch Creek, and Cut Bank. Whether an Indian was allowed to leave the reservation or not was the decision of the "agent" or Superintendent of the Bureau of Indian Affairs (BIA). It was only necessary for whites to obtain a pass to enter. Regular line riders patrolled the fences to insure they remained up and that those within stayed in and those without stayed out. According to records, the real reason for the fence was to insure that the Indian cattle did not mingle with those of the whites; but, whatever the reasons, the fence was gone by 1909.

Discovery of oil in the Swift Current Valley between Babb and Many Glacier made history. Three wells were drilled with one at Boulder Creek finding production at 1,500 feet. None of these wells proved to have commercial value but did lead to later exploration and the oil industry expansion on the reservation.

The next major impact on the Blackfeet People was the Allotment Act of 1907. All of the 2,450 Blackfeet People on the tribal rolls were allotted land (320 acres). Some acreage was reserved for the townsite of Browning and Babb with all remaining lands sold under the Homesteader Act.

The Great Northern Railroad's promotional campaign lead to more people coming to this area seeking their fortune. This in turn lead to the needs for more organized communities. The "Old West" with its lawless, untamed frontiers was over. The farmer migrated west and with this came the end of the open range. Towns with local governments, churches, and law and order were established.

It was during this time that the right to patent land was granted by the U.S. Government for Indians. Those who obtained trust patents could now trade their land to another Indian or sell it to anyone if he/she had obtained a fee patent. In 1919 the government realized that the

acreage allotted to the Indians was not enough to sustain them, so an additional 80 acres was given to each Indian. Much of the new allotments were in choice location and , as a result some Indians had patents forced on them so they would be able to sell their land. In any case, most of them did not understand what the patent process was and they sold their property for unbelievably low prices. It wasn't unusual for a man to trade his acreage for one horse. Also, many Indian People lost their lands to local merchants for grocery bills and supply bills.

In February 1919, Glacier County was formed. On December 1, 1919, Browning became incorporated and the battle for the County Seat between Browning and Cut Bank was on. Browning had the advantage of being near the center of the county and was the site of the Blackfeet Agency. The vote was held and a few Blackfeet who had their land patents at the time cast their vote for Browning, even though the majority of the Indians could not vote. If they could have, they would not have lost and Browning would almost certainly be the county seat of Glacier County today instead of Cut Bank. Indians were not granted full status as citizens with the right to vote until 1924, although they did fight in World War I for the United States prior to 1924.¹⁰

The Indian Reorganization Act (IRA) of 1934 passed by Congress allowed for Tribes to organize a Tribal government along with other provisions for education (Johnson O'Malley Funds), credit programs, and others. With the re-establishment of Tribal powers in 1935, the Blackfeet formed the Blackfeet Tribal Business Council with a Constitution outlining the powers and authority. Since 1934, the Blackfeet have made slow but steady progress towards becoming the proud and industrious people they were prior to the arrival of the whiteman

¹⁰ Ibid, 127.

approximately 200 years before. The past 50 years since the IRA, the Blackfeet Tribe has progressed in all areas - economic development, education, social services, increasing the Tribal land base, population, improved health services, physical systems, housing, management skills, and other areas. The population has increased from a low of 2,000 members in 1920 after the smallpox epidemics combined with a massacre of many Blackfeet women and children to 14,660 enrolled tribal members as of February 1984. The increase in population is approximately a 733% increase in 76 years which is an increase of over 12,000 people.¹¹

Other congressional acts that resulted from various studies such as the Merriam Report and Kennedy Sub-Committee on Indian Education that pointed out the needs of Indian People were enacted. These included the Civil Rights Act of 1968, Indian Self-Determination and Education Assistance Act of 1975, the Elementary and Secondary Education Act, and others which lead to increased self-government and decision making by Tribes. These acts provided for expanded opportunities for improved education, improved housing, improved social services, health care, economic development activities, and other services that were advantageous to Tribes.

RESERVATION SETTING AND LOCATION

The Blackfeet Indian Reservation is located in Northcentral Montana along the eastern slope of the Rocky Mountains. It is bounded on the north by the United States-Canadian boundary and extends 52 miles south to Birch Creek. The foothills of the Rockies form the western boundary which leads into Glacier National Park and the eastern boundary

¹¹ Blackfeet Tribal Enrollment Office, Browning, MT, 1996.

approximates an imaginary line which starts near the junction of Cut Bank Creek and the Marias River and extends northward. Within these boundaries the land is mainly high rolling prairies which are interspread with rivers and creeks, and numerous ponds, lakes, buttes, and hills. The mountains found along the western border range in altitude between 4400 feet to 9600 feet above sea level. The foothills of the Rockies support dense evergreen and deciduous growth (See Maps on pages 2-13 & 2-14).

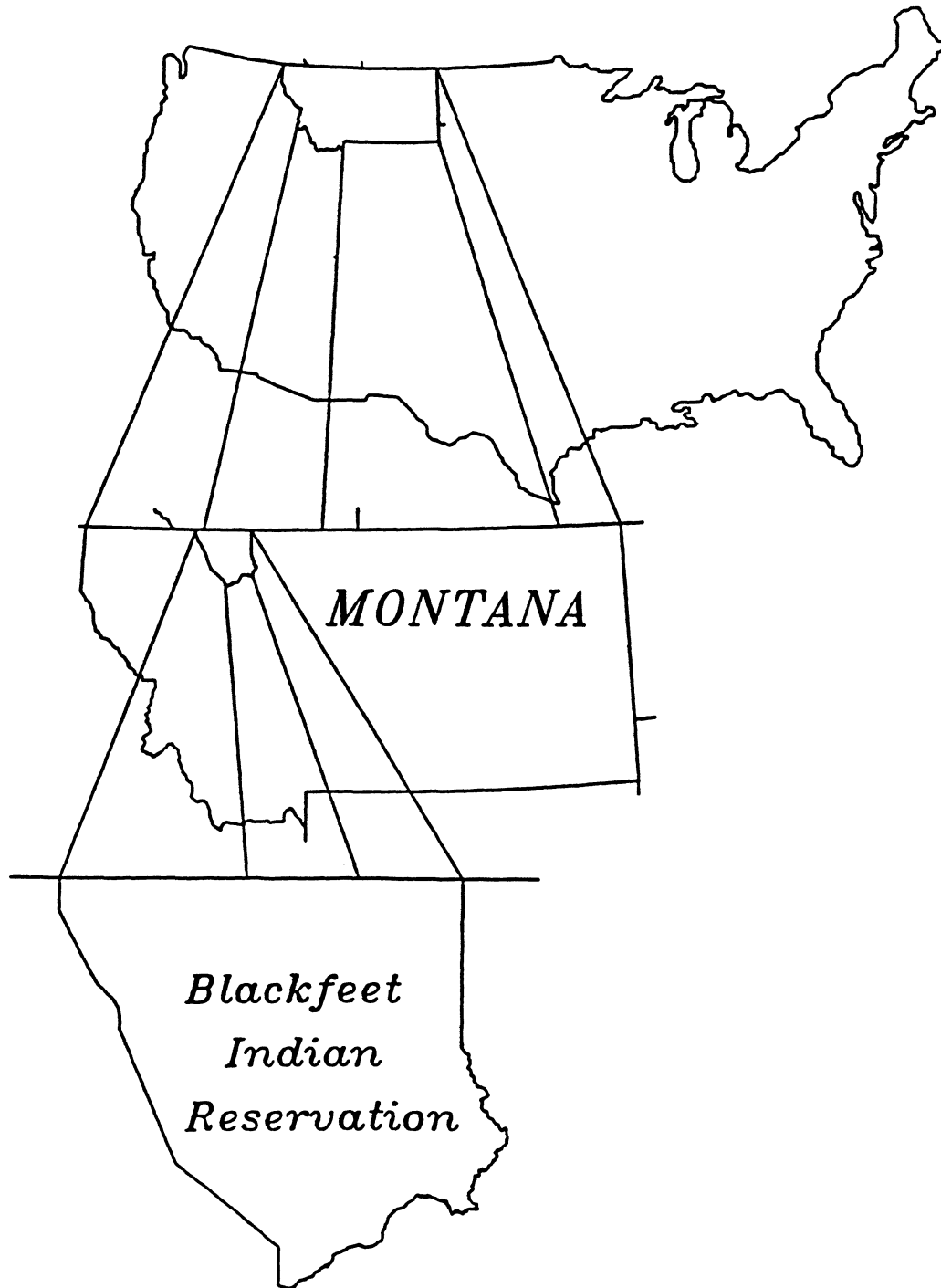
The reservation boundaries encircle 1,525,712 acres, of which about 60 percent is still controlled by the Blackfeet People and held in trust for them by the federal government. Although the title to Blackfeet Tribal lands is held in the name of the United States, tribal lands are not covered by statutes that open "public lands" to settlement, nor are they comprised within the mineral laws affecting public domain.

Indian lands fall into two broad categories - Tribal & Allotted lands. Tribal land can be defined as land or any interest therein that is held by the U. S. in trust for a tribe or as land acquired or any interest therein, subject to federal restrictions against alienation or encumbrance. Allotted land can be defined as land or any interest therein held in trust by the U. S. for the benefit of an individual Indian or land acquired or any interest therein held by an individual Indian subject to federal restrictions against alienation or encumbrance.¹²

The Blackfeet Indian Reservation is located in Glacier and Pondera Counties in Montana. The reservation measures 52 miles at its longest point and 58 miles at the widest point.

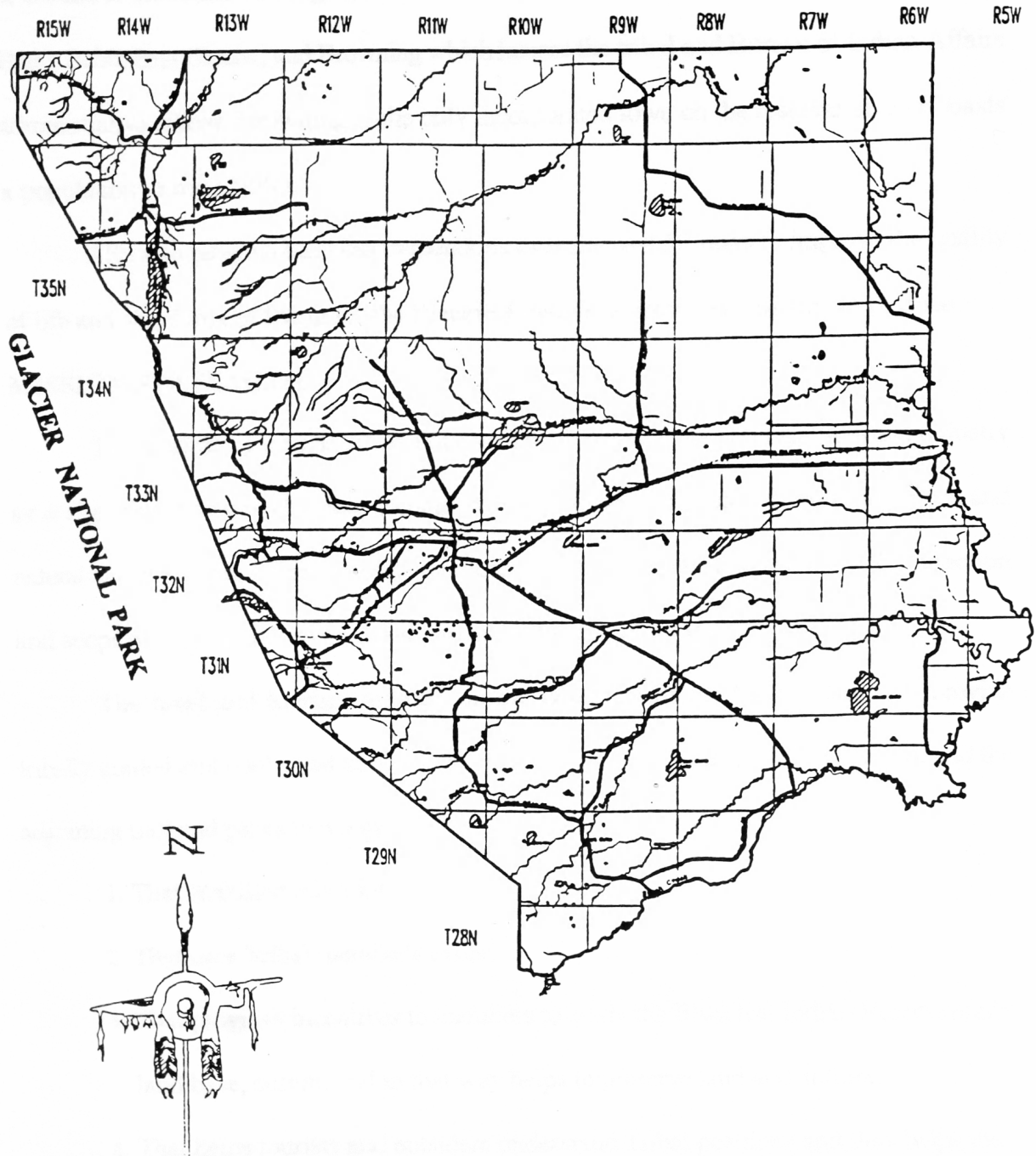
¹² Farel Wagner, Blackfeet Tribal Overall Economic Development Plan Update: 1992-1997 (Browning, MT: Privately Printed, 1992), 129.

(Source: Blackfeet Natural Resource Department, Browning, MT)



(Source: Blackfeet Natural Resource Department, Browning, MT)

BLACKFEET INDIAN RESERVATION



The primary urban area in the vicinity are the Kalispell area to the west and Great Falls to the southeast. Both areas are about 100 miles distant. Smaller communities relating to the reservation are Cut Bank, the county seat of Glacier County, and the Pondera County seat of Conrad to the south. The regional trade centers of the reservation include Blackfoot, Heart Butte, Babb, East Glacier, and Browning which houses the tribal and Bureau of Indian Affairs administrative offices. Browning is the only incorporated town on the reservation and boasts a population of over 2,000.

Although progress has been tremendous over the past 50 years to improve the quality of life and standards of living for the Blackfeet People, a great deal remains to be done.

MISSION STATEMENT

The mission of the Blackfeet Tribe will be to develop the hotel and tourism industry as a significant source of Tribal income and employment emphasizing cultural values and natural resource quality while adopting a proactive stance to guide and influence the direction and scope of hotel and tourism development on the Blackfeet Indian Reservation.

The hotel and tourism industry on the Blackfeet Indian Reservation will provide tribally guided and controlled access to the reservation's landscape, wildlife, culture and the adjoining national parks in a way:

1. That is skilled labor intensive;
2. That uses Tribal member's skills;
3. That provides incentives to members to study the Blackfeet Indian Reservation's land base, culture and in that way helps to preserve land and culture;
4. That helps tourists and outsiders understand Tribal positions and thus helps the

Tribe develop supportive allies on and off the Blackfeet Indian Reservation;

5. That is decentralized, dispersed, and entrepreneurial.

ECONOMIC DEVELOPMENT STRATEGY

The Blackfeet Tribe has developed a strategy to address the economic development and tourism aspects of the Tribe which lay the groundwork for the planning, development, construction, and operation of *The Pukuni Lodge*. This strategy is embodied in the Tribe's Overall Economic Development Plan. The plan was updated in 1992 by the Blackfeet Planning Department. The updated plan was endorsed by the Blackfeet Tribal Business Council of 1992-94. The Tribe's Overall Economic Development Plan set new prioritized goals to meet the needs of the 1992-1997 era.

The economic development strategy of the Blackfeet Tribe is supported by its tribal philosophy. The philosophy of the Blackfeet Nation is as follows:

"The Blackfeet Tribal Business Council is the duly constituted governing body of the Blackfeet Indian Nation, a sovereign Tribal Government. The Blackfeet Tribal Business Council derives its organizational and management identity primarily on historical relationships and treaties with the United States Government, the Constitution and its Tribal constituency. Further obligation is derived from a mandate to address general & special needs of the Blackfeet Tribe, to include the well being and uniqueness of the Blackfeet Indian Nation.

The Blackfeet Tribal Business Council is organized to represent, develop, protect and advance the views, interests, education and resources of the Blackfeet Indian Nation. The Blackfeet Tribal Business Council encourages maximum usage of tribal member's abilities and potential through the preservation and protection of tribal traditions, culture and history. The

Blackfeet Tribal Business Council also supports the positive growth of each individual in their preparation to contribute in the future human and natural resources development of the Blackfeet Nation.¹³

The development and construction of *The Pikuni Lodge* is further supported in the overall economic development strategy of the Blackfeet Tribe through its goals and priorities. The Blackfeet Tribe has identified and established the following goals and priorities for the next five (5) years, 1992-1997. These goals are prioritized on an annual basis as a part of the Annual Plan for the Blackfeet Tribe. These goals are listed by the major areas with economic development being one of these areas. The priorities of economic development were prioritized in the following order:

1. **BUSINESS ENVIRONMENT:** Improvement of the Reservation business environment to attract and promote economic development and entrepreneurship.
2. **CAPITAL STRUCTURES:** Capital structures improvement to enhance economic development on the Blackfeet Indian Reservation.
3. **UNEMPLOYMENT:** Decrease unemployment on the Blackfeet Indian Reservation by creating 500 new jobs by 1997.
4. **INDUSTRIAL DEVELOPMENT:** Strengthen and expand industrial development on the Blackfeet Reservation to improve economic development systems.
5. **TOURISM:** Expand tourism development economic structures.

¹³ Philosophy was developed by the Tribal Organization and Management Ad Hoc Working Group, utilizing the Tribal Constitution and By-Laws, Corporate Charter, Tribal Plan of Operations, and other documents pertinent to the Blackfeet Tribal Government Structure and Blackfeet Reservation.

6. NATURAL RESOURCES: Expand the natural resources industry to improve the economic structure of the reservation.

7. AGRICULTURE: Expand the agricultural industry to improve the economic structure.

As can be evidenced by the preceding priorities of the Blackfeet Tribe, *The Pikuni Lodge* will address the economic priorities of business environment, capital structures, unemployment, and tourism.

STRATEGIC GOALS

Strategic goals of the Blackfeet Tribe's development of *The Pikuni Lodge* project will include, but are not limited to, profitability, market share, growth in sales, quality of services, employee growth/relations, and social responsibility.

Strategic Goal #1 : Profitability. The Blackfeet Tribe will provide all necessary resources at its disposal to insure the short and long-term profitability of *The Pikuni Lodge*.

Strategic Goal #2 : Market Share. The Blackfeet Tribe will annually capture 3-5 percent of the tourists who will need lodging facilities while they visit the Blackfeet Indian Reservation and Glacier National Park.

Strategic Goal #3 : Growth in Sales. The Blackfeet Tribe will annually maintain or increase growth in room sales to tourists at or above the rate of competitors.

Strategic Goal #4 : Quality of Services: The Blackfeet Tribe will provide the highest quality of room care and services to accommodate tourists while they are staying at *The Pikuni Lodge*.

Strategic Goal #5 : Social Responsibility. The Blackfeet Tribe will maintain the highest possible degree of commitment to ecological, environmental, cultural, and social concerns and issues affecting the Blackfeet Indian Reservation, Glacier National Park, and the surrounding communities and townships.

THREE YEAR GROWTH STRATEGY

The three year growth strategy of the Blackfeet Tribe regarding *The Pikuni Lodge* is as follows:

- 1st Year :
- (1) Develop and construct *The Pikuni Lodge*
 - (2) Maximize room occupancy of the tourist lodging facility through an intensive marketing strategy
 - (3) Maximize all tribal resources in development and construction of the facility
 - (4) Strategic planning for supportive services (i.e., car rental, bus service, etc.)
- 2nd Year :
- (1) Correct any deficiencies in operation of *The Pikuni Lodge*
 - (2) Correct any deficiencies in management of *The Pikuni Lodge*
- 3rd Year :
- (1) Continue to improve operation and management of the facility
 - (2) Continue to maximize room occupancy
 - (3) Continue to utilize tribal resources for improvement of the facility
 - (4) Monitor & improve supportive services
 - (5) Strategic planning for future expansion of the facility

3. The Market & Competitors

The Pikuni Lodge will be entering the hotel and motel industry/market and will be competing in the specific area of tourist lodging. Tourist lodging is a combination of two industries/markets which are the hotel/motel and tourism industries/markets. The tourism industry/market ties closely to the hotel/motel industry/market because of lodging which is a common denominator to both.

The hotel/motel industry/market discussion will be first presented in a general overview of the industry at the national level, then at the state level and finally at the local level. The local level is being identified as the Blackfeet Indian Reservation, Glacier National Park and the geographical area bordering the westside of Glacier National Park. Discussion in the motel/hotel industry/market will be a general overview of the industry at the national level and further analysis at the state and local levels.

The tourism industry/market will be analyzed specifically at the state and local level with the local level being identified as the Blackfeet Indian Reservation and Glacier National Park. The industry/market discussion will include factors affecting the past and current trends and analysis of the industry at the state and local levels.

The External Environment

The Blackfeet Tribe realizes the external environment will have a significant impact on *The Pikuni Lodge*. The Tribe is confident that the impact will be a positive one in nature. In analyzing the three primary areas of the external environment, the Blackfeet Tribe feels it has some advantages in each area.

The Economic, Legal/Political, and Social Environment

The Economic Environment:

The economy of the Blackfeet Indian Reservation, Glacier and Pondera Counties, and Glacier National Park provide an economic base which is conducive to the hotel business and provides economic support for development of a multi-functional resort hotel.

Through the years, the Blackfeet Tribe has been directed in its economic pursuits by the Federal Government which has not been known for consistency in its programs. Farming the land was the first occupation supported by the government. That proved in a large part to be a failure because it was completely foreign to the traditional life the Indians had known. Other conflicting policies that had an effect on developing a viable economy were containment, disbursement, assimilation, self-determination and termination. The economic situation has improved over the last few years. The Blackfeet Tribe has proven to be progressive and has actively engaged in pursuing a high standard of living for its people.

The Blackfeet Tribe has made progress in the area of economic development over the past 10 years with the development of the Blackfeet National Bank; a taxation system on the oil and gas industry operating on the Blackfeet Indian Reservation; by stabilizing the Writing Company and its management structure which has provided the necessary tools for potential development; and increased support for tourism as a component of economic development. Although positive progress has occurred, the need to improve the economic systems for the Blackfeet Indian Reservation continues to be one of the major roles of the Blackfeet Tribe.

Recreation and tourism do show promise. The Blackfeet Reservation itself holds great tourist interest. Mainly, the world has become interested in Native Americans as well

as their culture, history and traditional activities. The location of the reservation next to both United States and Canadian National Parks and near wilderness areas and historic trails add to the potential for tourism.

Because The Blackfeet Indian Reservation lies within both Glacier and Pondera Counties, it has a direct affect on the economies of both counties. The county seat of Cut Bank draws business for its economy from tribal members who travel there to do business at the courthouse. While tribal members are in Cut Bank, they also shop for consumer goods which contribute to the county's economy. In the area of tourism, visitors pass through Cut Bank on their way to Glacier National Park. These visitors contribute to the economy in the form of gasoline and food purchases. Tourists also seek lodging in Cut Bank when lodging is not available in closer communities near the park.

Legal/Political Environment

The legal/political environment that *The Pikuni Lodge* will be operating in is largely governed by the laws, ordinances, and regulations enacted by the Blackfeet Tribal Business Council. These laws and ordinances are enforced through the various agencies of the Blackfeet Tribe. Laws governing employment, construction, and general business are the responsibility of the Blackfeet Tribal Employment Rights Office (TERO). Legal issues are handled through the Blackfeet Tribal Court System. Environmental laws and ordinances are monitored and enforced by the Blackfeet Environmental Office.

All other laws, ordinances, and regulations which are not under tribal jurisdiction are governed by federal, state, and county laws and ordinances. Although the Blackfeet Tribe has sovereign immunity and is governed by a tribal government, it is still subject to various laws

such as equal opportunity, affirmative action, and civil rights as well as all other federal laws applicable to any citizen of the United States.

In recent years, the Blackfeet Tribe has strived to enact legislation which will help to increase the opportunity for attracting businesses to the reservation. Legal jurisdiction has always been a questionable area for a business wanting to do business on the Blackfeet Indian Reservation. The Blackfeet Tribe has reorganized its judicial and court system to provide a better legal system which will provide a fair and equitable legal environment for a business wanting to do business on the reservation.

Social Environment

The Blackfeet Indian Reservation which adjoins Glacier National Park is no stranger to tourism. Since its founding in 1916, Glacier National Park has always attracted enormous number of tourists. The tourists come from all corners of the world as well as every region of the United States. The interaction between the local population and tourists has been limited to primarily a business level. Tourists to Glacier National Park have limited their contact with the Blackfeet People because there hasn't been very many efforts to provide awareness and to educate the tourists about the Blackfeet People, their culture and traditions.

In more recent years, there has been a deep interest in learning about Native Americans. The success of such movies as "Dancing With Wolves" helped to portray Indians in a different light. Tourists are viewing Indians as a unique and important part of Glacier National Park and American society as a whole. The preservation of the environment has also contributed to the interest in Native Americans. Indians have always been connected to the earth and consider themselves the protectors of the earth. This connectedness to the

preservation and protection of the earth has helped to fuel the interest of Indian Tribes and their ways of life. These two reasons as well as others have increased the tourists interest in learning more about the Blackfeet People which in turn has drawn them to the Blackfeet Indian Reservation as well as Glacier National Park.

The Blackfeet Tribe, on the other hand, has viewed tourists as people just passing through the reservation on their way to Glacier National Park. Tourists were not really considered beyond their financial contribution to the community. But recently, the Tribe has taken great measures to enlighten and encourage tourists to get to know the Blackfeet People and visit the Blackfeet Indian Reservation. It has strived to change the impression and reputation of the Tribe so that it reflects a more attractive and positive image of the Blackfeet Tribe and its tribal members. The Blackfeet Tribe continues to improve the social environment of the reservation so it can attract more tourists to the reservation and ultimately, contribute to the reservation economy.

INDUSTRY ANALYSIS

HOTEL & MOTEL INDUSTRY ANALYSIS

Definition:¹ The hotel industry is mainly a service industry. The services offered by the hotel industry include lodging, entertainment (television, cable, swimming pool, Jacuzzi, relaxation), banquet facilities, meeting rooms, restaurants, lounges, food and beverages, room service, concierge service, free transportation, housekeeping, and telephone service.

¹Joseph A. Covello and Brian J. Hazelgren, The Complete Book of Business Plans, Simple Steps to Writing a Powerful Business Plan (Naperville, Illinois: Sourcebook, Inc., 1995), 141.

Hotels and motels are located throughout the world in all countries. Foreigners own hotels in the United States, as Americans own hotels in foreign countries. It is an ongoing industry that will continue to grow and be used by people forever.

The market segments that use hotels and motels are divided into people who travel for pleasure/vacation (tourists), visiting friends, conventions, and business.

The hotel and motel industry competes directly with resorts and economy/limited service hotels. The hotel and motel industry competes indirectly with camping, mobile homes and travel trailers, apartments/condos, and private homes.

GENERAL OVERVIEW - NATIONAL LEVEL

An analysis of historic economic, demographic and industry data shows that the United States lodging industry is on the verge of an economic turnaround. Positive factors point to a strong recovery and worthwhile real estate investments in the industry. The lag in hotel construction will result in the investment of mortgage funds in refinancing. United States economic recovery will probably result in an increase in consumer travel which will increase hotel occupancy and translate to hotel room rates that parallel 1988 boom levels.²

The hotel and tourism industry go hand in hand in and around the Blackfeet Indian Reservation and Glacier National Park. Tourism has always been a main contributor to the local economy. Lodging for tourists to Glacier National Park has filled local hotels and motels in Glacier National Park as well as the surrounding communities of Browning, West Glacier, Cut Bank and East Glacier. During the summer and early fall months the local hotels and

²Stephen Rushmore, "An overview of the hotel industry: past, present, and future", Real Estate Finance Journal, Spring 1994, 5.

motels are filled to capacity. More specifically, according to Glacier Park, Inc., the main concessionaire for Glacier National Park, the hotels and motels within the park are actually booked a full year in advance. Tourists are turned away because of the lack of available rooms in and around Glacier National Park.

The hotel industry faced many economic difficulties from the late 1980s to the early 1990s. Hotel executives cannot be totally blamed for continuing to expand in the 1980s because demand increased sharply in those years. In the late 1980s, hotel investments declined due to the savings and loan crisis. In the early 1990s, demand for hotel accommodations decreased because of the Persian Gulf War. Hotel executives should realize that aside from special circumstances, their industry, like other industries, are adversely affected by boom-and-bust cycles.³

The last five years, one could argue, were the darkest stretch in lodging's history. Plummeting occupancies, flat or declining room rates, devaluations, bankruptcies, foreclosures. Bad news just got worse as the months went by.

At the top of the decade, however, few in the industry seemed to have a hint of the trouble ahead. In fact, chain executive after chain executive boasted about plans for broad expansion, a hotel carrying their flag on every corner. It didn't matter if the brand was new or established; no one shied away from predictions of growth, growth and more growth.

Everybody was wrong, some dead wrong, about where they were headed. Some of the miscalculations probably reflect circumstances beyond control, including a capital shortage and changes in ownership.

³Megan Rowe, "A look back." Lodging Hospitality, March 1995, 38.

Chains that became smaller may have done so at the expense of "fringe" properties, hotels with low quality assurance scores that were removed involuntarily from the system.

But the differences between dream and reality raise a number of questions about the validity and value of projecting out five years into the future. They also suggest that, if anyone suspected the storm clouds ahead, they chose to ignore them.

Looking back, observers note that at least some of the signs were there. "The reality of new development started to taper off late in the 1980s," says Robert Mandelbaum, research director for PKF Consulting. "Financing had started to dry up, it was the middle of the S&L crisis, and real estate lending started to dry up."⁴

While those circumstances did not bode well for growth, they did seem like good medicine for one little ill plaguing the hotel business which was an oversupply. With few new properties financed, scarce financing and some healthy economic growth, demand would have outpaced supply.

But the recession of the early 1990s and the Persian Gulf War wiped out that advantage. The industry bottomed out, and only in the last year or so have signs of a healthy recovery appeared.

Mandelbaum doesn't entirely blame chain executives for their rose-colored view of the future. After all, he says, demand grew each year in the 1980s. "There was a growing demand for new hotel rooms, and everybody thought they should be the ones to build them," says Mandelbaum. While the current climate looks healthy, however, everyone lost sight of the fact that lodging is a cyclical business, according to John Fox, senior vice president at PKF

⁴Ibid, 38.

Consulting.

"We went through a fairly lengthy 'up' cycle," Fox says. "I think that lulled everyone into complacency that it would continue." The good times were fueled by several artificial forces as well. Before the tax laws changed in 1986, developers and owners had an incentive to do deals, regardless of their profitability. "Many deals were just that--tax driven, not market driven," Fox says. Then brand segmentation took off during the last half of the 1980s.⁵

"To a certain extent, the market forces came true and the industry corrected itself," Mandelbaum observed.

Mark Lomanno, executive director of research at Smith Travel Research, agrees that projections tend to reflect the current, not the future, economic reality. But that's not a sufficient basis. "Even though the chains had lofty growth projections, they were based on a little naivete which was that they were going to be able to outperform their competitors and become the brand of choice, or at least do so in some markets."

Not surprisingly, each brand thinks it does the best job of everything. "A line we hear from a lot of people is, 'we have such a unique product that we don't really compete with anyone'," Lomanno says.⁶

Aside from reflecting that attitude, why bother to make statements about the future? Partly it's posturing, says Mandelbaum. He doesn't think potential franchisees would be impressed by a company that only expects to grow to 50 properties. Partly it's necessity because a critical mass is needed for national advertising or reservations systems to make

⁵Ibid, 38.

⁶Ibid, 38(2).

economic sense. Partly it's just common sense. "Nobody is going to predict they'll become smaller," says Fox.

While franchisors and management companies are driven to grow ever larger, Fox sees a different attitude from the other growth factor--developers. "I'm talking to a lot of people about new development, but there is a new level of realism on their part," he says. "In the late 80s, the attitude was 'the market be damned: I'm going to build this place.' Now they want to know: 'Is there a market for this facility?'"

In the late 1980s, a client approached him about the feasibility of developing a luxury boutique hotel, a project that never got off the ground. That same developer is now looking at building a larger midpriced hotel on the same site.

Lately, franchisors haven't been as eager to make projections. Hospitality Franchise Systems executives flatly refuse to answer questions about how much each of the company's brands will expand. Even Choice Hotels has backed down from its famous target of 10,000 properties and one million rooms by the end of the century. But with the recent rise in confidence, don't be surprised if the chains throw caution to the wind once again.⁷

What's ahead for the lodging industry? Obviously no one knows for sure, but several possible trends emerge from conversations with a cross-section of industry observers. Most agree that technology will become even more important. Also, industry consolidation will continue. Others predict the luxury hotel market will strengthen, and what is now the Third World will host substantial hospitality--industry growth. As one observer puts it, "The pace of change will continue to accelerate."

⁷Ibid, 38(2).

Gerald Petitt, co-chairman of Choice Hotels International, predicted in 1990 that by 2000 the chain would have 10,000 hotels and one million rooms. He now says the franchisor will reach those numbers by 2010. The midpriced segment, relatively flat for the past five years, will revive, particularly outside the United States.

John Snodgrass, Hospitality Franchise Systems (HFS) president and CEO thinks consolidation will increase and is upbeat about budget and midmarket hotels, but is less sanguine about luxury products. "Maybe it's because we don't operate in that segment," he says, "but it seems it's the most susceptible to economic downturn."

Mark Lomanno, executive director of research for Smith Travel Research, disagrees, saying that at least in the short term, growth will be in the luxury segment. He states that the demand is there even though the lending community still views luxury properties as a pariah.

Franchisors will push for new construction as the pool of convertible properties decreases, Lomanno says. But such a trend is a mixed blessing. Whether the industry will avoid repeating the mistakes of the '80s that led to oversupply, flat occupancies and flatter rates is up to the lending community, Lomanno says. "The difference between the hotel industry in 1990, when it lost \$5.7 billion, and 1993, when it made \$2.4 billion, is primarily due to a reduction in capital expenditures, like interest expense, and an improvement in occupancy and average daily rate.⁸

"The turnaround had little to do with executives getting smarter and operations being more efficient," he says. "The challenge is to capitalize on these increased revenues and become more efficient at running properties."

⁸Carlo Wolff, "A look forward." Lodging Hospitality, March 1995, 39.

For a different point of view, consider Joel Rosen, vice president of marketing for Toronto based Delta Hotels and Resorts. "I'm not sure consolidation ever ends," he says. "It just changes its skin, like a chameleon. I think part of consolidation is an attempt to breathe new life into brands and improve products that have strong recognition in the marketplace. Consolidation gives you a much bigger platform from which to grow." Ultimately, brand-melding and flag-swapping will be the norm, Rosen says. "Part of that is economics: It costs money to maintain a brand, and you have to be careful not to have brand denigration. Brands may change tiers, though its very hard for a brand to move up."

Business travel is down, but leisure travel is up, he says, speculating that hotels in urban centers will become leisure destinations. "You have to become your own destination," he says, but noting an increase in event marketing, in which Delta packages its downtown hotels around theater and sporting events.

The greatest change in the industry will be technological, however. "Five years from now," Rosen says, "I anticipate I'll be able to sit at my desk, and if I want to book a reservation at Marriott or Sheraton, I might be able to get invited into their reservation system and take a look around on my laptop."⁹

Segmentation and specialization should ultimately benefit the consumer and keep the industry healthy, says Edith Weiner, president of New York based trend-management consulting firm Weiner Edrich Brown. She says while lodging was once a cohesive industry, it will fragment even further in the near future.

"There are increasing breakdowns in the lines of business and markets served, so

⁹Ibid, 39.

hospitality facilities will segment even more," she says. "By 2000, we'll see a lodging industry that is very much integrated into the global communications structure, with a fax in every room, access to PCs, modems you will be able to plug into.

At the other end of the spectrum will be the retreat where "the lodging is the destination, to be used for a fantasy or escape environment," Weiner says.

"These possibilities and opportunities may grow at equal rates because their potential markets are probably of equal size," Weiner says. "The question is whether the industry will meet the demands or squish all the markets together and provide something not particular to anyone."

The supply of hotel rooms continues to grow faster than demand, however there are signs that relief may be in sight. Arthur Andersen Real Estate Services Group's 'Host Report' stated that in the first half of 1991, demand for rooms fell by 0.8%, while the supply rose by 2.9%. This report surveyed over 2000 hotels. Demographic forecasts indicate that demand for hotel accommodations will rise during the first 10 to 15 years of the 21st century. Business travel is also expected to pick up, as companies find that human contact is still essential.¹⁰

The hotel industry's business climate appeared to improve in 1993. Slow since the start of the 1990s, hotels are now seeing increased room occupancies. New construction has occurred in the gaming industry. The federal courts have allowed casinos on most Indian reservations and several gaming operations are planned with lodging facilities. Some new

¹⁰"Brighter outlook seen for hotel industry." Building Design & Construction, June 1992, 7.

competition has introduced 24-hour gambling.¹¹

The hotel industry is experiencing an economic upswing in 1995 with room rates rising faster than inflation.¹²

STATE LEVEL - MONTANA

Montana's lodging industry saw a slightly lower occupancy rate than the rest of the nation in 1995. While the nationwide occupancy was 67.6 percent and the mountain region was 66.7 percent, Montana had a 63.6 percent occupancy rate. Occupancy rates reflect changes in both room supply and demand. In Montana, supply was up 3 percent from 1994 compared to 1.5 percent nationally and 1.9 percent in the mountain region. Room demand was up 1.1 percent in Montana, 2.9 percent nationally, and 0.9 percent in the mountain region. Montana seems to be building motels at a faster pace than the mountain region but faster than the visitors can fill them at the national occupancy rate. In comparing Montana lodging to neighboring states, only Idaho had a higher increase in room supply.¹³

LOCAL LEVEL - BLACKFEET INDIAN RESERVATION GLACIER NATIONAL PARK

The hotel/motel industry on the Blackfeet Indian Reservation and Glacier National Park and surrounding area fluctuates with the tourism industry. The industry is consistent with the state's hotel/motel industry if not more so. The demand for motel/hotel accommodations

¹¹Ben Sharav, George I.H. Rho and Jeffery J. Baade, "Hotel/gaming Industry" The Value Line Investment Survey (Part 3 - Ratings & Reports, December 3, 1993, 1773.

¹²Dana Nigro, "Turnaround time." Meetings & Conventions, May 1995, 101.

¹³Norma Polovitz Nickerson and Neal A. Christensen, The 1996 Outlook for Travel and Tourism in Montana. Missoula, Montana: Institute of Tourism and Recreation Research, School of Forestry, University of Montana, January 1996.

will continue to grow along with the increase of tourists to the state and more specifically Glacier National Park. Because the tourist season is primarily seasonal (June through September), the greatest demand for hotel/motel accommodations fall within this time frame. The off-season draws upon the occasional traveler, off-season tourists and the sports/outdoor enthusiasts. Overall, the hotel/motel industry will continue to grow at the local level. Although the demand for hotel/motel accommodations will increase due to the increase in tourists, the number of rooms available has remained constant. There has been virtually no new construction of hotels or motels on or near Glacier National Park or the Blackfeet Indian Reservation in recent years. Construction of new lodging facilities in Glacier National Park require federal government approval.¹⁴

TOURISM INDUSTRY ANALYSIS

TOURISM IN MONTANA

This section analyzes the tourism industry in Montana. The marriage between tourism and lodging is evident in addressing tourist lodging in Montana and lodging in general. The tourist lodging industry in Montana is reflected in basically three major areas. These three areas are the number of nonresident (tourist) visitors to Montana, The Montana lodging tax collections which would indicate the number of tourists utilizing lodging facilities and expenditures by nonresident travel groups which reflects the amount of money tourist spend on tourist lodging facilities and other services. Nonresident visitors will be analyzed not only for the State of Montana but will also be analyzed for Glacier National Park as well because it will be one of *The Pikuni Lodge's* main competitors..

¹⁴Patricia Sheehan, Lodging Hospitality, October 1985, 90.

NONRESIDENT VISITORS

During the past eight years, nonresident (tourist) visitation to Montana has grown at an unprecedented record rate. Montana park visitor numbers (at Glacier and Yellowstone) had been outpacing growth at the national level. At Glacier, the decline was a modest 2.7 percent; set against park visitor numbers nationwide, which grew by less than 2 percent in 1993, this is not a major setback. Nevertheless, the total number of visitors to Montana increased in 1993. In part, this growth was due to improved methods of estimating nonresident highway travel. But much of it was real increase; it is estimated that total nonresident visits to Montana grew by 2.5 to 3.0 percent in 1993.¹⁵

Many people traveled through the state in 1993. The Institute for Tourism & Recreation Research (ITRR) anticipated in 1994 that nonresidents will stay longer. Longer visits mean greatly enhanced economic benefits--but also present extra challenges. During 1994, 7.7 million persons visited Montana, up 14% from 1991 levels.

The nonresident travel industry (including direct, indirect, and induced impacts) supported 59,000 full- and part-time Montana jobs with a payroll of \$728 million. Total economic impacts from the industry are estimated at \$2.5 billion in 1994. 49% of annual visitation occurred during the summer quarter (July, August, and September 1994).

According to estimates from the Institute for Tourism and Recreation Research (ITRR) at the University of Montana, 7.9 million persons visited Montana in 1995.

Highway visits to Montana remained the same from 1994 to 1995. Even though travel

¹⁵Stephen F. McCool, "Issues in Tourism" Montana Business Quarterly, Spring 1994, 2.

into the state from the east, south and west was up on all highways, the overall leveling off shows the tremendous impact a 9.6 percent reduction in Canada to Montana border crossings has on Montana. In fact, interstate travel was up 4.1 percent from 1994 and the other primary roads were up 3.3 percent.¹⁶

Nationally, auto traffic was up 2.0 percent. This traffic, however, did not come from Canada. In 1995, the decrease in Canadian visits to the United States was 9.0 percent. Montana went right along with the national average showing a 9.6 percent decrease in Canadian border crossings.¹⁷

Montana was ahead of the national percentage increase in airport traffic. Montana airport deboardings through November of 1995 were up 8 percent over 1994 compared to a national increase of 4.2 percent. Increase in airport deboardings were shown in each city of the state with Kalispell showing the highest increase at 14.4 percent following by Billings with an 8.2 percent increase. It should be noted that Kalispell is within very close proximity to Glacier National Park.¹⁸

Visits to Montana attractions and destinations were up in almost all segments. However, our two most popular destinations displayed extremes. While Yellowstone was close to an all time high, Glacier was down. After six consecutive years of increased visitation, Glacier experienced a 13.5 percent decrease in 1994. Many have speculated the

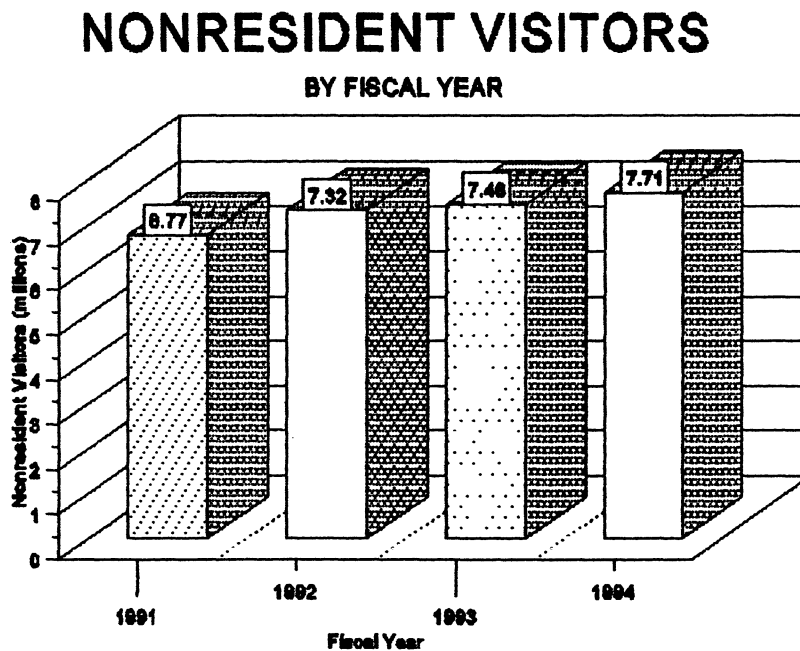
¹⁶Norma Polovitz Nickerson and Neal A. Christensen, The 1996 Outlook for Travel and Tourism in Montana, January 1996, 2.

¹⁷Ibid, 2.

¹⁸Ibid, 2 (2).

reasons for this drastic decline but it is apparent that the Canadian exchange rate is a major factor along with the park experiencing the latest opening season in history. Other factors like a statement in USA Today saying that the park was closed due to construction did not help visitation.

The following is a graphical representation by fiscal year (1991-1994) of the nonresident visitors to Montana which helps to support the increase in hotel/motel accommodations in Montana (Source: Institute for Tourism and Recreation Research - January 1995):



ACCOMMODATIONS TAX REVENUES

The adoption of the accommodation tax in 1987 has allowed Montana, its regions, and local communities to invest in promoting what Montana has to offer. Revenue generated by

travel and tourism in Montana fuels the 2nd largest sector of our economy. Hotels, campgrounds, bed & breakfasts, travel related services and attractions have been developed throughout the state. Our economic picture continues to brighten which is a sharp contrast to the financial doldrums Montana experienced in the 1980s. Much of this growth is attributed to the trade and service sectors of our economy in which the tourism industry is a major component.¹⁹

Accommodations tax revenue in Montana had been increasing at an annual rate of 8 to 10 percent for the last several years. But it rose only about 5 percent from 1991 to 1992. Room occupancy rates apparently declined between 1992 and 1993, though this may reflect an increase in room supply rather than a drop in demand for rooms.²⁰

Persistently Montana's strongest tourist season, summer, accounts for 43 percent of accommodations tax revenue and 70 percent of the visits to Glacier National Park. Winter attracts the fewest nonresident guests, but they report the highest daily expenditures compared to visitors in other seasons (Institute for Tourism and Recreation Research, 1995).

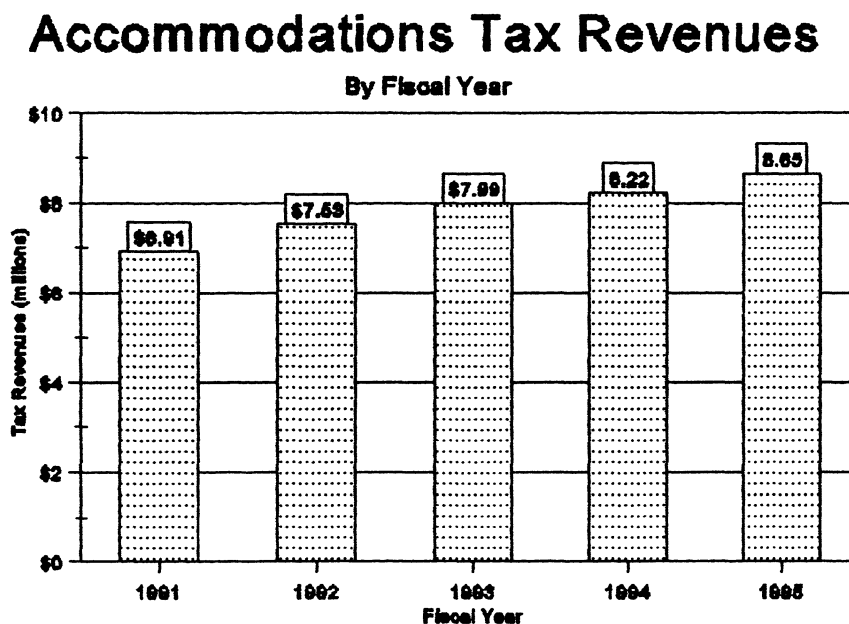
Accommodation tax revenues increased 5.2 percent in FY95 over FY94. These tax revenues have increased yearly since inception in 1988. This increase is a result of three main factors: visitors, room rate, and population growth. Visitor numbers have increased 36 percent since 1988. Room rates have increased 38 percent since 1988. Additionally, Montana's

¹⁹Montana. Department of Commerce. Tourism and Film Marketing Plan (1995-1996), 2.

²⁰Neal A. Christensen, Nancy Lee Menning and Neil Moisey, Nonresident Travel to Montana: 1991-1994. Missoula, Montana: Institute for Tourism and Recreation Research, School of Forestry, University of Montana, January 1995, Research Note 21, 3.

population has been on the increase since 1988.²¹

The following is a graphical representation by fiscal year (1991-1995) of the Accommodations Tax Revenues for Montana which helps to support the increase in hotel/motel accommodations in Montana (Source: Institute for Tourism Recreation Research - January 1995):



EXPENDITURES BY NONRESIDENT TRAVEL GROUPS

It is estimated that nonresident expenditures for 1993 may for the first time top \$1 billion. This would represent an increase of 7 percent over 1992. During 1993, nonresident travel groups (rather than individual) spent an average of \$87 per day. Retail sales accounted

²¹Norma Polovitz Nickerson and Neal A. Christensen, The 1996 Outlook for Travel and Tourism in Montana. Missoula, Montana: Institute for Tourism and Recreation Research, School of Forestry, University of Montana, January 1996.

for 28% of expenditures and 27% was spent on restaurants, bars, and other food service. Lodging and gasoline expenses each accounted for 18% of expenditures.²²

Nonresident visitors spent \$1.2 billion dollars in Montana during 1994--an increase of 23% over 1991 levels (including both real growth and inflation).²³

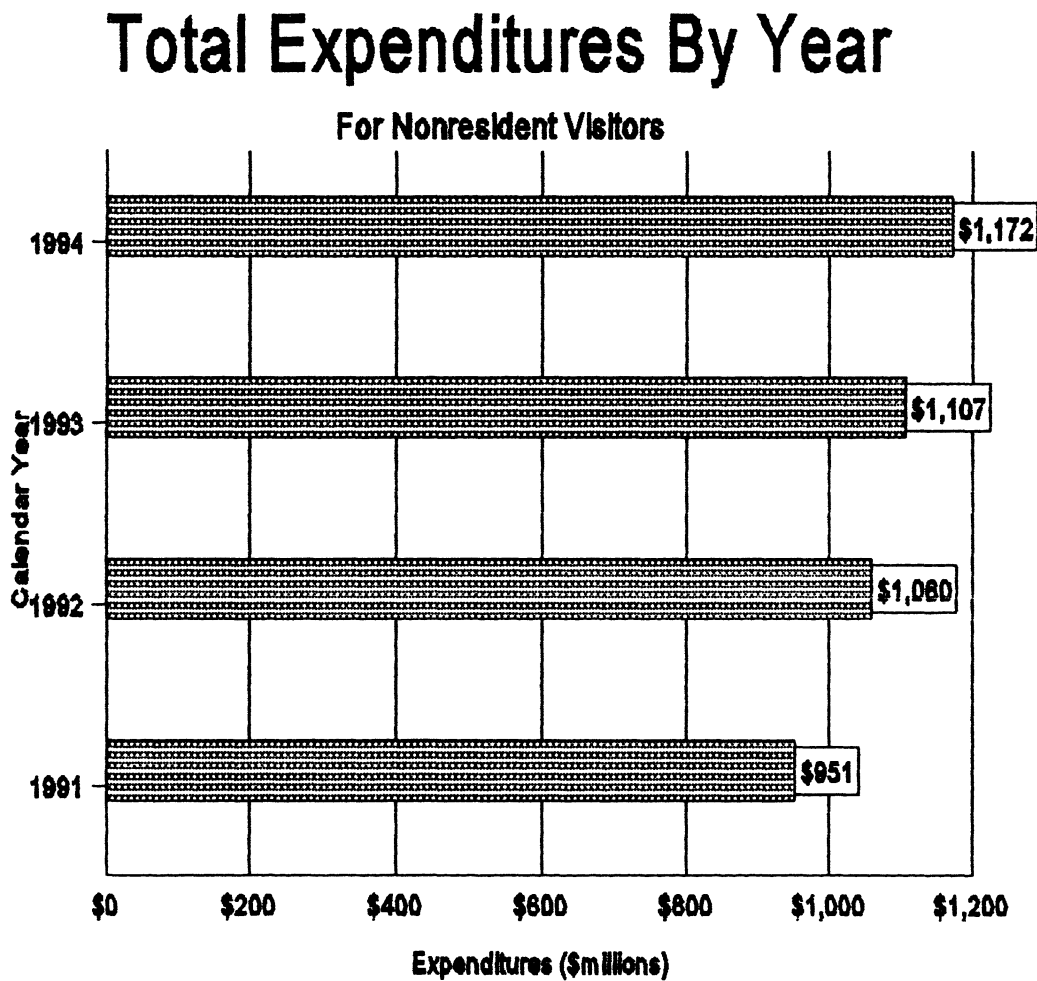
The direct expenditure estimate of dollars spent by nonresidents in Montana increased 3.3 percent from 1994. This estimate takes inflation into account, and therefore, does not reflect the same 1.0 percent increase in visitation numbers for the year. Overall, expenditures have increased 13 percent in the past five years and are slowly approaching the \$1.5 billion mark.²⁴

²²Neal A. Christensen, Nancy Lee Menning and Neil Moisey, Nonresident Travel to Montana: 1991-1994. Missoula, Montana: Institute for Tourism and Recreation Research, School of Forestry, University of Montana, January 1995, Research Note 21, 1.

²³Ibid, 1.

²⁴Ibid, 4.

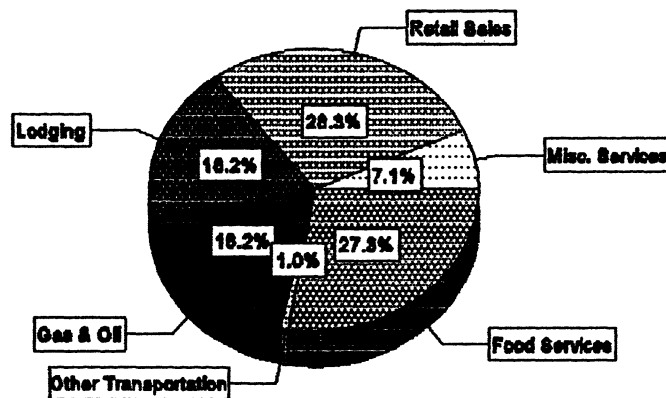
The following is a graphical representation by fiscal year (1991-1994) of the Total Expenditures By Nonresident Visitors to Montana which helps to support the increase in hotel/motel accommodations in Montana (Source: Institute for Tourism and Recreation Research, January 1995):



The following is a graphical representation of Fiscal Year 1993 for the Expenditures By Category of Nonresident Visitors to Montana which helps to support the increase in hotel/motel accommodations in Montana (Source: Institute for Tourism and Recreation Research, January 1995):

Expenditures By Category - 1993

For Nonresident Visitors



OTHER FACTORS AND ISSUES

Several factors contributed to Montana tourism's mixed results in 1993. For one thing, potential vacation travelers from Midwestern markets were distracted by major flooding all summer long. Montana's summer left a lot to be desired too; it was short, late, wet, and cool. These seasonably cool and moist conditions may have discouraged travelers, once here, from enjoying the state's outdoor-based recreational product. Finally, a variety of unknown but random factors may have come into play; no industry, including tourism, should

be expected to show continuous upward growth.²⁵

Overall, Montana tourism did grow in 1993, though less than expected, and somewhat slower than the scorching pace of previous years. This break may be a blessing in disguise, however. As any fast-growing enterprise knows, unremitting success can bring its own problems. The press of visitors to Montana is straining civic resources in some areas--not to mention some residents civility. And this has long-term implications for the industry and the state.²⁶

The Institute of Tourism and Recreation Research (ITRR) regularly polls Montana industry leaders and decision-makers about their expectations and concerns for the coming year. The 1993 survey identified several factors influencing travel to Montana in 1994. Most frequently cited were national economic conditions; economic conditions on the west coast; exchange rates, particularly in Canada; and the price of gas.

Other factors mentioned by more than one respondent included weather and climate considerations; movies and popular culture; and the influence of urban crime on vacation destination choices. Interestingly, the crime factor was mentioned by a fourth of the respondents, and it's the first time it has appeared at all.

Several Montana-specific factors were cited by 1993 respondents. Weather, which always ranks high, led the list; followed by citizen "attitudes" toward tourism; stable use of accommodations tax revenue; changes in Montana's reputation for being a friendly place to

²⁵Stephen F. McCool, "Issues in Tourism" Montana Business Quarterly, Spring 1994, 3.

²⁶Ibid, 3.

visit; and the state's travel promotion efforts. 1993 respondents' concerns underwent a notable shift. "Infrastructure" problems continued to worry some, but more pressing to many industry leaders was Montanans' reputation for being friendly. Friendliness--like a world class destination--is an important resource for the travel and tourism industry. It has to be cultivated and protected, and if lost, is very difficult to recover.

Despite these concerns, nearly 80 percent of respondents indicated they were "very" or "somewhat" optimistic about 1994.

The 1994 outlook includes continued political stability, the strength of the U.S. dollar against foreign currencies, and growing interest in western and Native American culture (especially in Europe and Pacific Rim countries) will affect visits to Montana. Hi-Line communities such as Browning may need to develop new marketing efforts and pricing options (such as Canadian dollars at or near par).²⁷

The national travel and tourism scene for 1995 showed an overall growth of 3.0 percent over 1994. Growth occurred in almost all sectors. It was a good year, but not a banner year for the national travel and tourism industry.

Montana, on the other hand, was even slower in its growth of nonresident visitors. The 1.0 percent increase over 1994, was the slowest growth since 1986. These visitors spent \$1.22 billion compared to the \$1.19 billion from the previous year. Be cautious however. These figures represent travel to Montana without the numbers showing the impact of the federal government shutdown. Optimistically, it is hoped the growth is 1.0 percent.

Tourism is an economic development tool, one that can, for example, enhance our

²⁷Ibid, 4.

standard of living and quality of life through increases in labor income. The conditions are set for an excellent time in Montana's tourism and travel industry. The economy is functioning better than it has since 1990, travel promotion efforts continue to be effective, and markets are interested in our product.²⁸

Tourism is one of Montana's largest and fastest growing industries. Strength and growth in the industry are reflected in greater numbers of visitors and increasing economic impact when considered over time.

HOTEL/MOTEL MARKET ANALYSIS

BLACKFEET INDIAN RESERVATION

The market for hotel and motel accommodations on the Blackfeet Indian Reservation varies from season to season. The hotel/motel accommodations increases during the summer months (June to September). About half (49% in 1994) of nonresident travel occurs during the summer months. During the off-season, the number of tourists drops off dramatically which in turn reduces the room occupancy rates of motels and hotels on the reservation. The off-season is defined as the months from October to May. The nonresident visitors to Montana are reflective of the number of nonresident visitors to the Blackfeet Indian Reservation.²⁹

²⁸Ibid, 5.

²⁹Neal A. Christensen, Nancy Lee Menning and Neil Moisey, Nonresident Travel to Montana: 1991-1994. Missoula, Montana: Institute for Tourism and Recreation Research, School of Forestry, University of Montana, January 1995, Research Note 21, 1.

The following table presents the number of nonresident visitors to Montana from 1991 to 1995 (Source: Institute for Tourism and Recreation Research, January 1995):

NONRESIDENT VISITORS TO MONTANA - 1991 TO 1995

YEAR OF VISITORS	NUMBER OF VISITORS (MILLIONS)	% OF CHANGE OVERALL YEAR YEAR TO YEAR
1991	6.77	Unavailable
1992	7.32	8.2 %
1993	7.46	1.8 %
1994	7.71	3.3 %
1995	7.90	2.0 %

The trend the table presents of nonresident visitors to Montana is reflective of the Blackfeet Indian Reservation and Glacier National Park and shows there is definite growth. The increase of visitors has varied in change from year to year from a low of 1.8% from 1992 - 93 to a high of 8.2% from 1991-92. It is evident the number of nonresident visitors will increase in the future for Montana and subsequently the Blackfeet Indian Reservation.

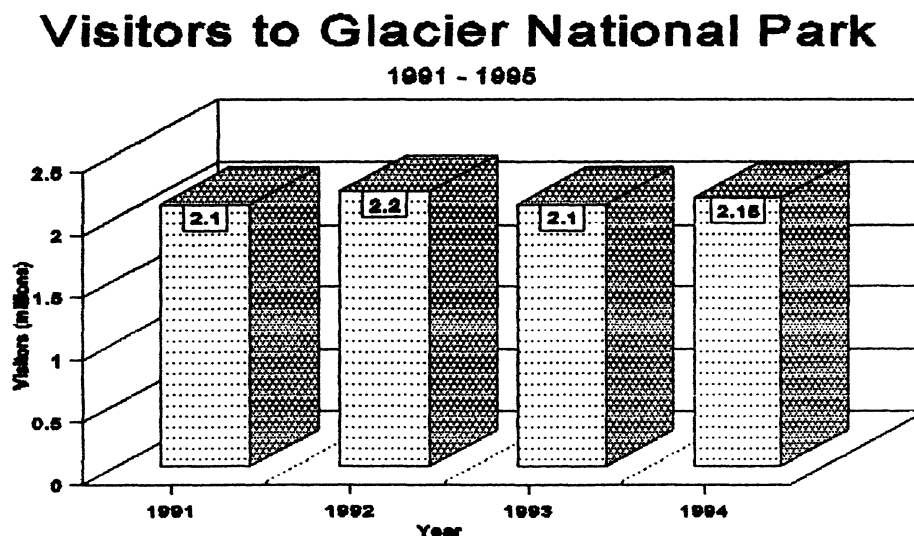
GLACIER NATIONAL PARK

An analysis of the number of visitors to Glacier National Park is important because the number of visitors to the park will have a direct impact upon the room occupancy at *The Pikuni Lodge*. It is evident that the number of visitors to Glacier National Park who require motel/hotel room accommodations far exceed the supply available within the park. According to the main concessionaire, Glacier Park Inc. (GPI), the hotels in the park are booked at least a year in advance and are filled to near capacity during the summer vacation months (June to

September). Cancellations are minimal. The hotels are closed in the park for the off season (October to May). This provides an opportunity to capture off season room accommodations.

The number of visitors to Glacier National Park constitutes approximately 28-30% of the total number of nonresident visitors to Montana during the five year period from 1991 to 1995. Approximately 3 out of every 10 nonresident visitors to Montana visit Glacier National Park. This number of visitors is significant because a vast number of these visitors stay in and around Glacier National Park utilizing available room accommodations. According to a visitor study conducted by the Institute of Tourism and Recreation Research (August 1994) of Glacier National Park, use of motel and hotel facilities within the park was the facility of choice for summer and fall respondents.

The following chart presents the number of visitors to Glacier National Park from 1991 to 1995 (Source: National Park Service, 1994):



SUMMARY

From a national perspective, the hotel/motel industry is in an upswing and the recovery of the industry seems to point towards a more productive and profitable future. *The Pikuni Lodge* under the auspices of the Blackfeet Tribe and the Blackfeet Indian Reservation will benefit from this upswing and recovery.

It is evident by the statistics and information presented that the hotel/motel industry will continue to increase in proportion to the tourism industry in the State of Montana, the Blackfeet Indian Reservation, and Glacier National Park. As the number of nonresident visitors increases, the quantity of hotel/motel accommodations will also increase. Likewise the amount of expenditures for lodging will increase and ultimately increase the amount of revenue generated from tourists and lodging.

The Pikuni Lodge, the Blackfeet Tribe and the Blackfeet Indian Reservation can capture part of this revenue through the development, construction and management of a hotel/motel facility. The number of nonresident visitors/tourists will provide room occupancy adequate to support the facility as well as generate enough revenue to cover its costs.

ENTRY BARRIERS

The primary barrier to entry will be financing the project. According to Vernon L. Clairmont, Executive Treasurer, Confederated Salish & Kootenai Tribes of the Flathead Reservation, it cost the Salish and Kootenai Tribes approximately \$6.7 million to construct the KwaTuqNuk resort hotel in Polson, Montana which is similar to the type of hotel the Blackfeet Tribe is planning to construct.

COMPETITOR ANALYSIS

The motels and hotels *The Pikuni Lodge* will be competing against are of three (3) types. These three types are those motels and hotels located within Glacier National Park, those located within the Blackfeet Indian Reservation and those located adjacent to the Blackfeet Indian Reservation and Glacier National Park.

Motels & Hotels - Glacier National Park

The Pikuni Lodge's primary competitor within Glacier National Park is Glacier Park, Inc. which is the prime concessioner for the park. The National Park Service, U.S. Department of the Interior, has a 25-year government contract with Glacier Park, Inc. to operate all the lodging facilities within the boundaries of Glacier National Park. Glacier Park, Inc. is a subsidiary of Dial Corporation whose corporate headquarters are located in Phoenix, Arizona.

Glacier Park, Inc. operates eight (8) hotels and motels in Glacier National Park. The eight hotels and motels are Apgar Village Lodge, Glacier Park Lodge, Lake McDonald Lodge, Many Glacier Hotel, Prince of Wales Hotel, Rising Sun Motor Inn, Swift Current Motor Inn, and Village Inn.³⁰

The four most popular properties are Lake McDonald Lodge, Many Glacier Hotel, Prince of Wales Hotel and Glacier Park Lodge. They are rustic and grand in design with large, yet cozy atrium-like lobbies. Room amenities are spartan, no TVs or radios, no fancy soaps

³⁰Mark K. Mullins, "Lodging & Dining" Glacier National Park Magazine, Summer 1995, 35-38.

or lotions and no room service. But guests don't seem to mind when they can look out their window and see a 9,000-foot peak rising over a deep and serene icy lake or from their balcony sit and watch a big ol' grizzly rumbling through the bushes on a nearby hill. While all the GPI properties are rustic and woodsy, each possesses its own character. The company's holdings include:

* **Lake McDonald Lodge** -- Once a private fishing and tourist camp owned by furrier John Lewis, the 100-room lodge was built in 1913 at a cost of \$48,000 (mostly for transportation of materials by water and ice). Ownership passed to the park in 1930. Lewis left his influence on the lodge which today displays an abundance of mounted rare, wild animal heads which have hung there since 1914. Nightly student entertainment and guest sing-alongs by the massive lobby fireplace lend a homey atmosphere.

* **Many Glacier Hotel** -- With 208 rooms, this Swiss-theme hostelry is the largest in the park, located on the shores of Swiftcurrent Lake in the heart of Glacier. Hotel histories note that when the Great Northern Railway started the hotel, 400 men worked night and day from May through September, 1915 to complete the main structure. Between courses in the cavernous main dining room, young waiters and waitresses dress in Tyrolean-style uniforms belt out tunes straight from *The Sound of Music*. Some guestrooms feature floor-to-ceiling stone fireplaces with hardwood floors and hooked rugs.

* **Prince of Wales Hotel** -- Crossing the border into Alberta, Canada and onto the site of the 82-room Prince of Wales Hotel, one experiences the European tradition with such British civilities as daily high tea service replete with scones, cream and cakes; employees attired in kilts and tartans; a gift shop that offers English bone china and fine woolens; and a

view of the mountain-surrounded lake not unlike those in the highlands of Scotland. Friday talent nights are big-time for the would-be crooners and Las Vegas-style comedians among employees and guests who entertain up to 200 attendees.

* Glacier Park Lodge -- Located at the eastern gateway to the park, this lodge is an imposing structure with mammoth Douglas Firs over 800 years old, 40 feet long and up to 40 inches in diameter forming the supports in the lobby. When it was built in 1912-13, the local Blackfoot Indians, overwhelmed by the size of the trees, named it "Big Tree Lodge." The trees still retain their original bark. Hoping to attract small business meetings, this 154-room lodge has spruced up its meeting rooms. The ballroom seats 300 and four other rooms accommodate 125 persons. For recreation, there's a nine-hole golf course, swimming pool, horseback riding and hiking trails.

* Rising Sun Motor Inn is located in the St. Mary's Valley of the park. It is adjacent to Going-to-the-Sun Road on the eastern side of Glacier. The inn has 72 motel and cabin rooms. There is also a coffee shop, campstore, public showers, gift shop, and boat tours.

* Swiftcurrent Motor Inn is just a short walk from Many Glacier Hotel. It has 88 rooms and private cabins. This facility was built as a rest stop for car travelers when the automobile became a popular mode of transportation in the 1930s. It later added a general store and more motel rooms as the Many Glacier Valley's popularity increased.

The lodging facilities in Glacier National Park are open during the summer months which is Mid-June to September. The average room occupancy of the facilities 85% - 95% capacity during the peak tourist season which is the summer months (Mid-June - September). Glacier Park, Inc. registered a 30% increase in overnight stays for their in-park lodging Pikuni

facilities during the 1994 season.³¹ The facilities are closed during the rest of the year from January to Early June and October to December. This limited use of the lodging facilities during the tourist off season months present an opportunity for providing lodging facilities to tourists and other prospective customers.

The following table (Table 3-1) is a summary of the lodging facilities in Glacier National Park. The information summarizes facility name, location, number of rooms and room price range.

TABLE 3 -1: Lodging Facilities - Glacier National Park

NAME OF FACILITY	FACILITY LOCATION	NUMBER OF ROOMS	ROOM PRICE RANGE
Glacier Park Lodge	East Glacier	154	\$ 99 - \$ 187
Lake McDonald Lodge	On Lake McDonald	100	\$ 55 - \$ 100
Many Glacier Hotel	Many Glacier Valley	208	\$ 81 - \$ 156
Rising Sun Motor Inn	Rising Sun Area	72	\$ 56 - \$ 70
Swiftcurrent Motor Inn	Many Glacier Valley	88	\$ 21 - \$ 70
The Village Inn	West Entrance	36	\$ 94 - \$ 111
Prince of Wales Hotel	Waterton Town Site	82	\$ 125 - \$ 281
Apgar Village Lodge	West Entrance	50	Over \$ 60

(Source: Glacier Park, Inc. - 1995)

³¹Gerald L. Nelson, Glacier National Park 1994 Travel Year Summary Report, West Glacier, Montana: National Park Service, U.S. Department of the Interior, West Glacier, MT, December 1994.

STRENGTHS

Glacier Park, Inc. possesses several strengths which make it more competitive within Glacier National Park than *The Pikuni Lodge*. These strengths are as follows:

1. Glacier Park, Inc.'s government contract with the National Park Service gives it a distinct advantage over any other competitors because there really is no competition within Glacier National Park. Basically, the contract gives Glacier Park, Inc. a monopoly over lodging facilities in the park.
2. Glacier Park, Inc. is a subsidiary of Dial Corporation and as such has access to greater financial resources than other competitors and gives it a decisive advantage in bidding for the government contract to operate the lodging facilities in the park.
3. GPI, as the primary concessionaire, under a 1965 federal law governing concessions, enjoys an almost guaranteed right to renewal of its contract if it matches the price of competing bids. Even if GPI loses its contract, under a provision known as possessory interest, it is entitled to government compensation for any physical improvements it has made to its operations in the park.
4. Glacier Park, Inc. has extensive experience in operation and management of the lodging facilities in the park because of the long-term contract with the National Park Service.
5. GPI has an advantage in marketing its lodging facilities because of the benefit of an advertising advantage through the National Park Service and the State of Montana. GPI advertising expenditures are not as great because of this marketing advantage.

WEAKNESSES

Although Glacier Park, Inc. has several strengths that may give it an advantage over competitors, it still has several weaknesses. These weaknesses are as follows:

1. Glacier Park, Inc. operates the lodging facilities in the park only during the summer tourist season. The lodges are open from mid-June to September with the remaining months of the year being closed to occupancy. The severe winter weather contributes to the limited use of lodging facilities in the park.
2. Due to government regulation, GPI cannot expand its lodging facilities within the park without going through a lengthy approval process. This limits the number of rooms available for occupancy. The set number of rooms available limits revenues generated by the facilities which results in lost revenue due to unavailable rooms for tourists. The demand for rooms far exceeds the limited supply of lodging facilities available in the park.
3. Due to government regulation, GPI is limited in the rate of rooms for lodging facilities. The National Park Service must approve any room rate increases. This deprives GPI of increased revenues that are lost due to the inability to increase room rates.
4. Glacier Park, Inc. loses revenue during the winter months for being closed. The revenues that could be generated from winter lodging service would or could come from the winter sports enthusiasts.

Motels - Adjacent to Glacier Park & Outside the Blackfeet Indian Reservation

Motels adjacent to Glacier National Park and outside the exterior boundaries of the

Blackfeet Indian Reservation are the second type of competitor to *The Pikuni Lodge*. The geographical area includes the town of Cut Bank which borders the Blackfeet Indian Reservation on the Eastside and the townsite of West Glacier on the westside of Glacier National Park and the townsite of Essex which is on U.S. Highway 2 bordering the southern part of the park. Only these areas are considered competitors because they are within the immediate area and attract many of the tourists to Glacier National Park.

The town of Cut Bank is located about 50 miles from Glacier National Park and is on Highway U.S. 2 which is the main route to Glacier National Park. Cut Bank has Seven (7) motels that are available for tourist lodging. The seven motels are Corner Motel, Glacier Gateway Inn, Glacier Motor Inn, Northern Motor Inn, Parkway Motel, Point Motel and Terrace Motel.

The following table (Table 3-2) presents information about the seven motels including the lodging facility name, local address, number of rooms and room rates:

TABLE 3-2: Lodging Facilities - Cut Bank

Facility Name	Local Address	Number of Rooms	Room Rate
Corner Motel	210 E. Main St.	7	Under \$40
Glacier Gateway Motel	1121 E. Railroad St.	19	Between \$40-\$60
Glacier Motor Inn	15 1st Ave. SW.	53	Under \$40
Northern Motor Inn	609 W. Main St.	61	Between \$40-\$60
Parkway Motel	7 3rd Ave. W.	5	Under \$40
Point Motel	1109 E. Main St.	8	Under \$40
Terrace Motel	11 9th Ave. SE.	17	Under \$40

(Source: Travel Montana Planner , 1995-96)

The price range of the motels are in the low to moderate range. The motels total capacity is 170 rooms priced between \$40-\$60 per night.

STRENGTHS

The lodging facilities in Cut Bank possess several strengths in the local lodging industry. These strengths are:

1. The lodging facilities are located on the main route to Glacier National Park and are conveniently located for easy access by tourists going to the park and needing room accommodations.
2. The facilities are located close to other businesses which the tourists may want to utilize, i.e., clothing stores, grocery stores, fast food restaurants (McDonalds, Pizza Hut, etc.).
3. The lodging facilities are moderately priced and are not in direct competition with accommodations closer to the park or reservation.

WEAKNESSES

1. Accessibility to Glacier National Park is a weakness due to the distance from the main entrances to the park.
2. Limited occupancy in the winter months due to the severe winter weather conditions in Northern Montana.
3. Location is a weakness in terms of being located off the main interstate highway system.

The townsite of West Glacier is located on the west side of Glacier National Park. Its geographical location is at the immediate west entrance to the park. The townsite's roots are founded in the tourist industry of Glacier National Park. West Glacier is located on U.S. Highway 2 which is the main highway access to the park.

The following table (Table 3-3) is a presentation of information regarding the lodging facilities in West Glacier. The information includes facility name, number of rooms and room rate.

TABLE 3 - 3: Lodging Facilities - West Glacier, Montana

Facility Name	Number of Rooms	Room Rate
Glacier Highland Motel	33	Between \$40-\$60
Great Northern Whitewater Resort	12	Over \$60
River Bend Motel	33	Between \$40-\$60
Vista Motel	26	Between \$40-\$60

(Source: Montana Planner, 1995-96)

STRENGTHS

Strengths of lodging facilities in West Glacier, Montana are:

1. **Location.** The lodging facilities are strategically located in West Glacier because they are readily accessible for lodging for tourists entering and leaving Glacier National Park.
2. **Room Pricing.** The room rates for the facilities are in the low to moderate price range making them attractive to price conscious tourists visiting the park.

WEAKNESSES

Weaknesses of the lodging facilities for West Glacier, Montana are:

1. The facilities' occupancy is limited by the seasonality of the tourist season. The facilities must rely on the sports enthusiasts (cross country skiers, etc.) for winter occupancy.
2. The fixed number of rooms limits the amount of revenue generated by the facilities.

The townsite of Essex, Montana is located off U.S. Highway 2 along the southwest border of Glacier National Park. The facilities located at and near Essex are Denny's, The

Half-Way Motel and Izaak Walton Inn.

The following table (Table 3-4) presents information about the lodging facilities at or near Essex, Montana. The information includes the facility name, number of rooms and room rate:

TABLE 3 - 4: Lodging Facilities - Essex, Montana

Facility Name	Number of Rooms	Room Rate
Denny's	8	Under \$40
The Half-Way House	4	Between \$40-\$60
Izaak Walton Inn	35	Over \$60

(Source: Montana Planner, 1995-96)

STRENGTHS

The lodging facilities at Essex, Montana possess the following strengths:

1. **Location.** The lodging facilities are located on the main route to Glacier National Park.
2. **Accessibility.** The facilities are located adjacent to the park and within easy access of the entrances to the park.
3. **Room Pricing.** The prices are low to moderate which are attractive to tourists.

WEAKNESSES

The lodging facilities at Essex, Montana have the following weaknesses:

1. **Limited number of rooms.** The facilities have a fixed number of rooms which limit the generation of additional revenues from more rooms.
2. **Seasonality.** This is a weakness to terms of tourists but is not affected by winter because of the use of the facilities by cross-country skiers and snowmobilers.

MOTELS - Blackfeet Indian Reservation: Browning, East Glacier, Babb

The lodging facilities located on the Blackfeet Indian Reservation are located in three towns and townships. These locations are the Townsite of Browning, East Glacier and Babb. The total number of room accommodations available to tourists/visitors to the Blackfeet Indian Reservation and Glacier National Park are 98 rooms. The room rates are between \$40-\$60.

The following table (Table 3-5) presents information regarding the lodging facility's name, location, number of rooms and room rate:

TABLE 3 - 5: Lodging Facilities - Blackfeet Indian Reservation

Facility Name	Location	Number of Rooms	Room Rate
Thronson's	Babb, Montana	14	Between \$40-\$60
Two Sisters	U.S. 89	7	Between \$40-\$60
Glacier Motel	Browning, Montana	9	Between \$40-\$60
Kiowa Motel	Browning, Montana	4	Under \$40
War Bonnet Lodge	Browning, Montana	40	Between \$40-\$60
Western Motel	Browning, Montana	25	Between \$40-\$60
East Glacier Motel	East Glacier, MT	17	Between \$40-\$60
Jacobson's Cottages	East Glacier, MT	12	Between \$40-\$60
Mountain Pine Motel	East Glacier, MT	25	Between \$40-\$60
P.J.'s Motel	East Glacier, MT	8	Between \$40-\$60
Porter's Alpine Motel	East Glacier, MT	13	Between \$40-\$60
Sears Motel & Campground	East Glacier, MT	16	Between \$40-\$60
Whistling Swan Motel	East Glacier, MT	7	Between \$40-\$60

(Source: Montana Planner, 1995-96)

STRENGTHS

Strengths of the lodging facilities on the Blackfeet Indian Reservation are:

1. **Location.** The lodging facilities are located adjacent to the Glacier National Park.
2. **Accessibility.** The facilities are readily accessible to tourists visiting the park who are in need of room accommodations during their visit.
3. **Room Pricing.** The room rates are reasonable and within acceptable room rates for tourists.

WEAKNESSES

Weaknesses of the lodging facilities on the Blackfeet Indian Reservation are:

1. **Limited Occupancy.** The facilities suffer reduced occupancies due to the severe winter weather conditions.
2. **Limited number of rooms.** The facilities are fixed in the number of rooms available to tourists and travelers.

SUMMARY OF COMPETITORS

The lodging facilities competitors who are in competition with *The Pikuni Lodge* will continue to provide room accommodations to tourists and visitors now and in the future. It is evident that the competitors have strengths and weaknesses which will affect their ability to attract tourists and visitors to the reservation and the park. *The Pikuni Lodge*, in all likelihood, will have these same strengths and weaknesses. The key to strengthening the competitive position of the lodge is to find innovative ways to attract and retain customers. This can be done by capitalizing on the existing resources on the reservation and the park. Such resources can include but are not limited to Native American culture Awareness & cultural events, sightseeing, scenery, improved services and extended occupancy time.

CUSTOMER ANALYSIS

The Pikuni Lodge is focusing its business on the tourist lodging industry and as such will be targeting the customer base composed of non-resident and resident tourists and vacationers/travelers. Other potential customers will be the sports enthusiasts and business travelers.

To fully embrace the potential that tourism development and its related components can offer to an area, planning the role that tourism might play requires an understanding of the present and potential tourism market. This type of understanding involves identifying the types of tourists an area attracts and their demand or preference for tourism resources such as lodging.. The current level of tourism development is an important determinant as an economic development tool for the lodge and the Blackfeet Indian Reservation..

A study conducted by the American Hotel Foundation and Procter & Gamble of frequent travelers in the U.S. travel market presented interesting information about travelers and their preferences (Whitmore-Wilson, 1994) for lodging facilities. Findings from the study were compared to 1989. In 1994, the study was conducted by mail among 1,365 frequent travelers (5 or more nights away from home in the past year). They were identified from a representative panel of 19,000 male and female heads of household.

The 1994 frequent traveler profile has changed somewhat from 1985 and 1989. Females now represent 44% of frequent travelers, up from 34% in 1985 and 39% in 1989. Frequent travelers are slightly older in 1994 than they were in 1989 and have somewhat higher incomes.

Business travel levels are down marginally from 1989 and vacation/pleasure travel is up slightly.

Business travel in connection with conventions or meetings has decreased from 13.3 nights on average in 1989 to 12.8 nights in 1994 (a decrease of about 4%), while business travel connected to conventions or meetings appears to have declined from 28.4 nights in 1989 to 23.4 nights in 1994 (a drop of about 18%), no doubt reflecting reductions in travel budgets in corporate America. Meanwhile, vacation/pleasure nights spent in hotels or motels have increased by 4% (from 13.0 nights in 1989 to 13.5 nights in 1994).

In the 1994 study, travelers were for the first time asked to compare travel activity over the past year to the prior 12 month period. Encouragingly, in all cases (business travel both in connection with conventions and meetings and not, as well as vacation/pleasure travel) respondents claimed to have spent more nights in hotels/motels in the immediate past 12 months than in the prior year, albeit marginally. This bodes well for the lodging industry.

Frequent travelers continued to make lodging choices of very basic grounds. The top three factors affecting their initial choice of a property continued to be: 1) Clean appearance, 2) Price/reasonable rates, and 3) Convenient location. The top three considerations affecting their decision to return to a property also continued to be: 1) Clean appearance, 2) Price/reasonable rates and 3) Convenient location, with Good service not far behind. If anything, the importance of reasonable room rates seems to have increased slightly, again reflecting the times.

Considering the importance frequent travelers place on lodging services and facilities based upon their indicating how often they would use them, again the basic needs and comforts

of home seem most important. The most likely to be used were, in order, 1) television, 2) TV remote control, 3) choice of smoking or non-smoking rooms, 4) soap/bar soap/toilet soap, 5) clock radio/alarm, 6) complimentary breakfast, 7) more than two towels, 8) wake-up calls and restaurant/coffee shop, and 10) free local and 1-800 calls.

As in 1985 and 1989 studies, the research probed "personal care amenities" for further detail. As always, facial and deodorant soaps are the most desired amenities, immediately followed by hair care and oral care products. Guests continue to ask for oral care products in preference to the often-provided but seemingly unwanted shower caps, sewing kits and shoe shine cloths. When asked about specific soap and shampoo attributes, frequent travelers were more impressed with product performance and recognizable brand names than packaging.

According to the American Hotel & Motel Association (AHMA), the typical lodging customer is 36% of the time on a leisure trip, 26% of the time are transient business travelers, 25% are attending a conference, 6% of the time have other (personal/family) reasons for their stay, 2% account for a job/residence move, and 5% are on government/military business. The typical business room night is generated by a male (75%), age 24-34 (33%), employed in a white collar occupation (53%), earning an average household income of \$58,300. They travel alone (77%), make reservations (88%), and pay \$67.50 per room night. The typical leisure room night is generated by two adults (53%), over age 50 (39%), earning an average household income of \$50,000. They travel by auto (73%), make reservations (77%), and pay \$60.80 per room night. For a hotel stay, 42% of all business travelers spent one night, 23% spent two nights, and 35% spent three or more nights. For leisure travelers, 51% of all leisure

travelers spent one night, 24% spent two nights, and 25% spent three or more nights.³²

To better understand the potential customer market, it has been found that it is more beneficial to the tourism markets that segmentation by use of demographic, geographic, and consumer characteristics be used. Based on work in marketing and advertising, the tourism industry has recently described its market segments by psychological, social, and activities criteria, more commonly known as psychographics. Psychographics offers a way of describing consumers, charting new trends, and continuing the further development of consumer typologies.³³

The types of customers that *The Pikuni Lodge* will attract are basically of two types. The two types are nonresident visitors (tourists/travelers) and local or in-state vacationers/travelers who are on vacation. These two types of customers can be broken down into even more specific types of customers.

CUSTOMER TYPE - NONRESIDENT VISITORS (TOURISTS/TRAVELERS)

The Institute for Tourism and Recreation Research (October, 1994) provided a report which described the market segments of vacationers to Montana in 1993. The report segmented vacationers according to the benefits they sought from their vacation. The benefits measured included relaxation, solitude, enjoyment of nature, excitement, and learning new things.

Marketers often segment vacationers based on the activities in which they participate.

³²American Hotel & Motel Association, Lodging Industry Profile Pamphlet, 1995.

³³U.S. Department of Agriculture, Forest Service, General Technical Report INT-GTR-323: Linking Tourism, the Environment, and Sustainability, (Washington D.C.: Government Printing Office, 1995), 36.

However, for many people, an activity is simply a means to an end-the end being the benefits they are seeking. Consequently, different people may be using the same activity (e.g., snowmobiling) to seek different benefits (e.g., solitude, excitement, etc.).

Segmenting the market by the benefits sought helps to understand the different experiences that different vacationers seek. Providing for experiences, in addition to activities, allows for a product that more closely meets the needs of the vacationer.³⁴

Knowing the benefits and experiences desired can also help us better market our products by creating the appropriate image of the products. Vacationers may find a product more desirable if they think it will provide the benefits they are seeking.

The report examined the characteristics of each of the five market segments - Easygoing Explorers, Enthusiasts, Escapists, Adventurers, and Passive Players. It showed some of the differences among the segments, and suggested how to target these markets.

The following graphs present information about nonresident visitors (tourists/travelers) in relation to their season of visit, summer, fall, spring and winter vacationer proportions.³⁵

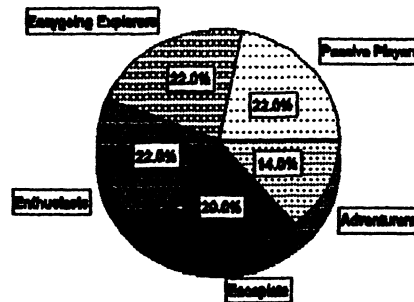
As one would expect, more than half of all vacation travel took place in the summer (June, July, and August). More vacationers visited in the fall (September, October, and November) than in winter and spring combined.

³⁴Brian Maiorano, Market Segments of Vacationers to Montana: 1993. Missoula, Montana: Institute for Tourism and Recreation Research, School of Forestry, University of Montana, October 1994.

³⁵Ibid, 1-8.

Summer Vacationer Proportions

January - December 1993

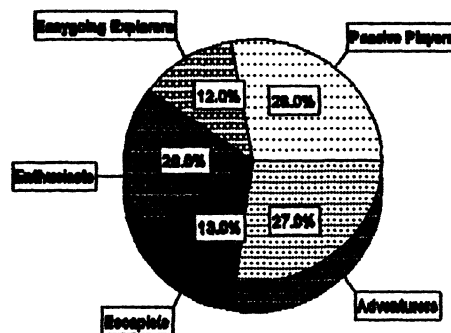


Source: Institute for Tourism and Recreation Research, 1993.

In the summer, not many Adventurers visited Montana.

Winter Vacationer Proportions

January - December 1993



Source: Institute for Tourism and Recreation Research, 1993.

The winter market consisted mainly of Passive Players and Adventurers.

The following table (Table 3-6) presents the Segments and Their Characteristics:

TABLE 3 - 6: VACATIONER SEGMENTS & CHARACTERISTICS

Segment Characteristic	Vacationer Segment Name				
	Easygoing Explorers	Enthusiasts	Escapists	Adventurers	Passive Players
Benefits Sought	* nature Exp. * learning new things * relaxation	* nature Exp. * relaxation * solitude * excitement	* solitude * relaxation * nature experience	* excitement * learning new things	* benefits not important
Season of Visit	* large proportion of fall vacationers * small proportion of winter vacationers	* proportional visitation year round	* large proportion of fall vacationers * small proportion of winter vacationers	* large proportion of winter vacationers * small proportion of summer and fall vacationers	* largest portion of winter vacationers
Common Group Characteristics	* two adults, no children * older than 55	* two adults, or two adults with children * between 36 & 55 years old * household income less than \$40,000 a year	* older than other winter vacationers	* large groups * young * high income and education * no adult females or children in winter	* travel with children * older retired summer vacationers
Activities - Year Round	* photograph nature * visit Glacier Park * visit historic sites * stay in campgrounds	* visit Yellowstone Park, national forests, wilderness areas * study nature, day hike, float rivers, visit museums and historical trails	* fish, float rivers, day hike, backpack, camp at a primitive site * visit friends and family, picnic * visit Yellowstone Park or historical areas	* visit family and friends * snowmobile or downhill ski	* visit friends * less likely to participate in activities
Expenditures	* highest trip expenditures of summer vacationers	* highest trip expenditures of winter vacationers	* fairly high expenditures	* high daily expenditures	* lowest year round daily expenses

Source: Institute for Tourism and Recreation Research

CUSTOMER TYPE - LOCAL OR IN-STATE VACATIONERS/TRAVELERS

The second type of customer *The Pikuni Lodge* will be attracting are the in-state or residents of Montana who are vacationers/travelers. To better design a marketing strategy to attract these customers, it is important to present their characteristics. The Montana residents will help to meet the room occupancy needed in the off season primarily in winter sports and recreational activities. The primary focus of *The Pikuni Lodge* will be to cater to their outdoor recreational wants and needs especially in lodging accommodations .

A study conducted by the Institute for Tourism and Recreation Research at the University of Montana (October, 1991), surveyed the characteristics of Montana residents. The yearly individual recreation activities were surveyed. Current participation rates of residents who participate in outdoor recreation are useful indicators of the demand for future needs for facilities such as lodging. Popular adult activities included picnicking (73%), hiking (63%), fishing (59%), camping (52%) and hunting (43%). All these outdoor activities are activities which can be found in connection with areas such as Glacier National Park or similar areas. These activities would attract residents to areas that offer this type of activity. They would subsequently utilize facilities readily accessible for their recreational needs, such as a lodging facility. Of the winter recreational activities, cross-country skiing was the most popular snow-based activity next to downhill skiing and snowmobiling. All these outdoor recreational activities will draw Montana residents to a facility such as *The Pikuni Lodge* while they are participating in the activities.

In regards to resident travelers, lake fishing was the most popular travel-related activity for the entire year (13%). Big game hunting was the most popular travel related

activity in the fall. (13%), while day hiking and picnicking were the most popular in summer.

The household travel characteristics of the study indicated that the average number of people who went on a trip was 2.2. The highest percentage of trips (36%) included two people, while 31% of the trips were made by single individuals.

The number of nights away from home on a trip varied widely, from 0 to 60, but 90% of the trips were for two or fewer nights. Overnight trips of one night in length were 11%, and 79% were for two nights. The average number of nights away from home averaged 0.9 for all sampled trips. 58% of the study households took one or more trips during the study week with 50% of those trips being in-state trips.

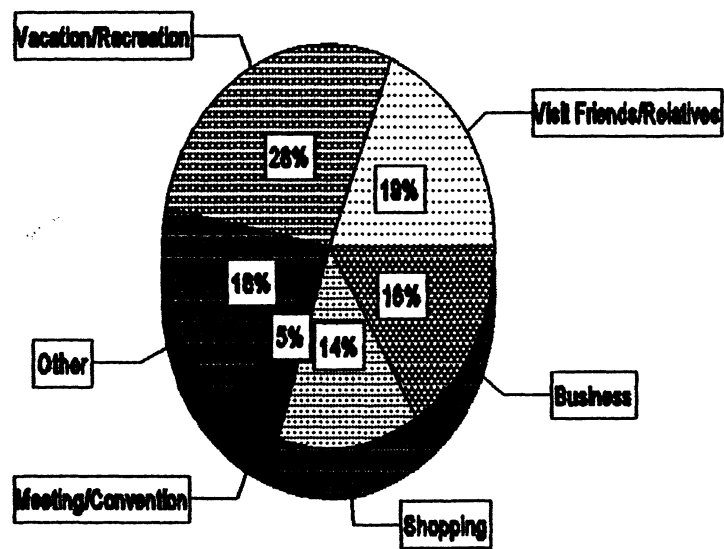
The most common purpose for trips identified was vacation or recreation followed by visiting friends or relatives. Pleasure trips (vacationing & visiting) accounted for over 50%.

In summary, the average number of nights spent was generally less than one with the exception of meeting/convention trips, which averaged 1.1 nights. Pleasure trips (recreation/vacation and visiting friends and relatives) were generally longer than other types. Although business trips were shorter than pleasure trips, they resulted in more nights spent in hotel/motel rooms. Convention/meeting trips, followed by vacation/recreation trips, included the most people per travel group. Children were less likely to be included in trips taken to go shopping or on business trips. The average number of adults per group for all trips was about 2.4, and the average group size overall was 3.1.

The following graph shows the purpose and percentage of the average trip for in-state resident trips:

Purpose of Average In-State Trip

1989-90



Source: Institute for Tourism and Recreation Research

The characteristics of both non-resident and resident vacationers/travelers and tourists indicate that these are the types of customers that *The Pikuni Lodge* will need to attract to support the lodging facility. The summer season will attract both types of customers and there seems to be every indication that there will not be much of a problem in filling the lodge with customers. The types of customers participating in the outdoor recreational activities will need lodging facilities while they are enjoying their respective activity whether it be hiking or sightseeing in Glacier National Park or the Blackfeet Indian Reservation.

The off season is the area in which the lodge will need to attract a particular type of customer. The characteristics of in-state travelers that participate in sports is the most likely customer type to provide the needed occupancy to carry the lodge through the off season. These types of customers are the travelers who participate in fishing and hunting. The Blackfeet Indian Reservation is rapidly acquiring a reputation for its trophy fishing. Other off season customers will be comprised of the sports enthusiasts who enjoys the winter outdoor recreational activities such as cross country skiing and snowmobiling.

Another segment of the customer base that the lodge can attract is the businessman. The lodge will be able to provide convention/meeting facilities which would be attractive to businesses needing a place to conduct their convention/meeting. This can apply to both non-resident and resident businesses. While at the lodge, the businessmen can indulge in outdoor recreational activities all year round. This includes summer, fall, winter, and spring seasons with their respective type of recreational activity.

Meeting planners should note that there is an economic upswing in the hotel industry in 1995. Hotels have shifted their booking strategy from one characterized by an indiscriminate

acceptance of any deal to one which involves a more selective process where value plays a major role. In this situation, which is a seller's market, meeting planners would have to learn to be flexible in the price they are willing to pay and they have to book rooms and convention sites way ahead of schedule.³⁶

It is evident that the wide variety of non-resident and resident visitors/vacationers/tourists of and to Montana will provide an adequate customer base to support *The Pikuni Lodge* all year round. The challenge will be in attracting the needed customer base to the lodging facility. The answer lies in developing and implementing a marketing strategy that will be appealing across all the different types of non-resident and resident visitors to Montana, Glacier National Park and the Blackfeet Indian Reservation.

Understanding non-resident and resident characteristics, travel and activity patterns can provide the tourism, travel and lodging industries with useful information about Montana's travel/tourism market. This information can be used to better understand the needs of tourists and can lead to more effective marketing efforts. Where people go, how they get there, and what they do are all important questions that the travel, tourism and lodging industries must be able to answer in order to better serve these visitors and to ensure stable growth within the industries.

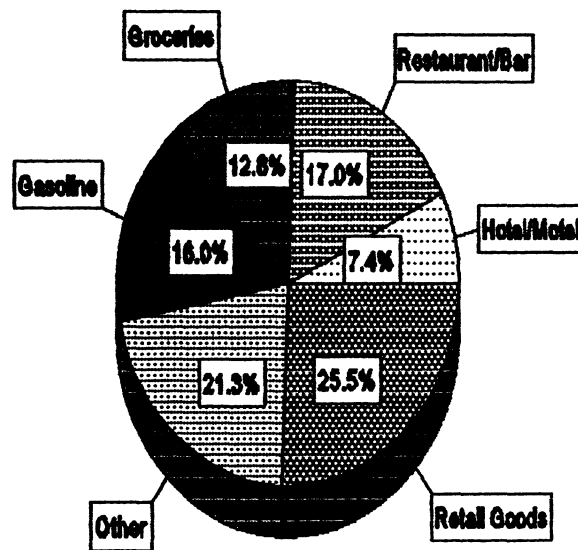
Another very important aspect of in-state vacationers/travelers is the amount of money that is expended during their trips. The total gross expenditure for resident pleasure travel was \$293 million. The percentage of money expended by resident vacationers/travelers for lodging was 7%. This amounts to \$20.5 million dollars being spent on lodging by residents.

³⁶Dana Nigro, "Turnaround time." Meetings & Conventions, May 1995, 101.

The following is a graph of the expenditure type by purpose of trip for resident vacationers/travelers:

Trip Expenditure Spent by Category

By Percentage - 1989-90



Source: Institute for Tourism and Recreation Research

4. Marketing Strategy

MARKET SCOPE

The marketing strategy *The Pikuni Lodge* plans to implement focuses on the type of customers the facility will attract in the tourist industry. The types of customers are non-resident and resident visitors to Glacier National Park and the Blackfeet Indian Reservation. The non-resident visitors are identified as Easygoing Explorers, Enthusiasts, Escapists, Adventurers and Passive Players.¹ The types of non-resident visitors and the activities they participate in clearly identify the type of marketing strategy the lodge must use to attract these potential customers. The types of activities the non-resident visitors participate in are critical to the focus of the lodge's marketing strategy. Most of the activities revolve around or include most activities found in and around Glacier National Park and The Blackfeet Indian Reservation. These activities include day sightseeing, hiking, visiting museums, historical trails, backpacking, picnicking, visiting friends/relatives, snowmobiling, alpine skiing and visiting historical sites.² The marketing strategy to be utilized by the lodge will focus on promoting an outdoor recreational type of environment that is appealing to these types of non-resident visitors who would stay at *The Pikuni Lodge* while visiting and participating in activities in Glacier National Park and the Blackfeet Indian Reservation. The lodge will develop promotional and advertising strategies focusing on non-resident visitors and their types of activities.

¹Brian Maiorano and Neal A. Chistensen, Market Segment of Vacationers to Montana: 1993. Missoula, Montana: Institute for Tourism and Recreation Research, School of Forestry, University of Montana, October 1994, Research Note 20, 2-3..

²Ibid, 6-7.

The marketing strategy must also include the market segment composed of the resident visitors of Montana. The in-state resident visitors are identified as vacationers & travelers.³ The report presented the activity participation rates during 1989-90 of skiing, hunting, waterskiing, and off-road Montana residents. Resident participation rates for swimming & downhill skiing have increased in recent years. This market segment is important because the resident visitors/vacationers are more apt to participate in activities (hunting, fishing, etc.) that would help to support the lodge during the off-season when non-resident visitors/tourists are at its lowest level. The lodge will promote advertisements that will attract resident visitors participating in these types of activities.

The third market segment the lodge must focus its marketing strategy on is the non-resident and resident businesses. This market segment is very important because it will help to support the lodge along with the non-resident and resident visitors/vacationers/travelers. The type of marketing strategy for this market segment will promote the lodge in such a way as to attract businesses in general and their conventions/meetings, corporate training and other business related activities. For example, according to a report by, meeting planners respond best to simple direct advertising by hotels, according to research conducted by Dana Communications and Response Analysis Corp. Meeting planners preferred large ads with basic information only. Having the price printed in the ad was not important because the planners expected to negotiate for price anyway. The optimal arrangement was a simple clear

³Neal A. Christensen, Michael, Stephen McCool and Neil Moisey, The Montana Resident Pleasure Travel Study, Characteristics and Economic Impacts, 1989-1990. Missoula, Montana: Institute for Tourism and Recreation Research, School of Forestry, University of Montana, October 1991, Research Note 16.

ad followed by related direct mailing giving any needed details.⁴

The frequent business traveler, who devotes more time on the road and is responsible for more business than the conventional traveler, is a very important part of the travel industry. The business traveler is a vital part of the \$130 billion corporate travel industry. 50% of the frequent business travelers rely on the travel agents with their plans while 60% obtain assistance from travel agents regarding hotel selections. 75% are contented with arrangements made by travel professionals.⁵

A factor that will influence the types of promotional advertisements is the seasonality of the tourist industry. The lodging industry associated with tourists is dependent upon the seasons. The summer and spring seasons are the highest for non-resident visitors. The fall and winter months are more inclined to attract the resident vacationer/traveler but more so in activities such as snowmobiling, skiing, hunting and fishing. The business sector is year round. Seasonality will definitely play an important role in the types of advertisements promoting the use of *The Pikuni Lodge*.

SERVICES OFFERED

The services offered by *The Pikuni Lodge* are in the tourist lodging industry. *The Pikuni Lodge* will be a full-service lodging facility located on the Blackfeet Indian Reservation. The primary service of the lodge is to provide room accommodations for tourists/visitors/travelers to Glacier National Park and the Blackfeet Indian Reservation. The

⁴Howard Feirtag, "Report offers insight on hotel advertisement" Hotel & Motel Management, June 8, 1992, 14.

⁵Melinda Bush, "Understanding the \$130 billion customer." Hotels, October 1993, 74.

support services to room accommodations provided by the lodge include entertainment (televisions, cable, swimming pool, Jacuzzi, relaxation), conference and meeting rooms, restaurants, lounges, food and beverages, room service, concierge (custodial/janitorial) service, transportation, and communication services including telephone, computer and fax services. All lodging services offered will be conducive to the tourists and visitors to Glacier National Park and the Blackfeet Indian Reservation.

The Pikuni Lodge will differentiate its lodging facilities services from surrounding hotels and motels by providing an atmosphere which blends together the outdoor recreational atmosphere generated by the scenic beauty of Glacier National Park and the Native American historical and cultural importance of the Blackfeet Tribe and its history, culture and traditions as they relate to the park and the reservation. The ancillary lodging services will have a Native American theme interwoven with conventional means. For example, entertainment may include exhibition of Blackfeet Traditional dancers and drummers, Blackfeet artists and musicians, etc. The surrounding motels and hotels only promote Native American awareness on a very limited basis or not at all. With the advent of increased interest in the Native American culture, *The Pikuni Lodge* and the Blackfeet Tribe are positive the Native American theme of the lodge will definitely differentiate it from other hotels and motels in the area as well as give it a competitive advantage in marketing strategy.

Another very important area of differentiation will be the availability of room accommodations on a year round basis. The year round room accommodation availability gives the lodge a distinct advantage over immediate competitors in the park because all the lodging facilities in the park close during the late fall and winter months. Other lodging

facilities on the Blackfeet Indian Reservation adjacent to the park (i.e., East Glacier, St. Mary, Babb) also close during the late fall and winter months.

DISTRIBUTION CHANNELS

In determining which distribution channels to utilize in promoting and advertising *The Pikuni Lodge*, the Blackfeet Tribe felt the most advantageous are those that are already established. The lodge decided to participate in trade and consumer shows which are sponsored by well established organizations in the lodging industry.

The Pikuni Lodge will participate in the annual convention/meeting of the primary lodging industry association in Montana. This organization is the Montana Innkeepers Association located in Helena, MT. The organization is a member of the American Hotel and Motel Association (AHMA). Attending and participating in this annual convention/meeting will help to promote the lodge and its services. *The Pikuni Lodge* can strengthen its promotional efforts by also becoming a member of the Montana Innkeepers Association.

The lodge will participate in the AH&MA Fall Conference/International Hotel/Motel & Restaurant Show. The conference and show provides for the presentation and information about hotels, motels and restaurants throughout the world lodging and restaurant industries. This participation will help to promote the lodge on an international and national level.

Another convention and show the lodge will participate in to promote the lodge is the annual AHMA Annual Convention & Show. In 1996, the 85th Annual AHMA Convention and Show will be in Anchorage, Alaska. By participating in the annual AHMA convention and show, the lodge will further strengthen its promotional efforts in the lodging industry. Also, *The Pikuni Lodge* can become a member of the American Hotel and Motel Association

(AHMA). This membership will be beneficial to promoting the lodge because of the extensive influence of the AHMA. The AHMA is a federation of state and regional lodging associations with worldwide influence comprised of more than 10,000 properties, representing almost 1.4 million rooms. The AHMA provides operational, technical, educational, marketing and communications services, and governmental affairs representation to the lodging industry.

The Pikuni Lodge will participate in the Governor's Annual Conference on Tourism and Recreation. The conference helps to build industry awareness, consensus for the direction of the state's travel industry and provides marketing tips, research about current travel trends and practical "how-to" workshops. The 1996 conference will be held in West Yellowstone.

The lodge plans on joining or acquiring a membership in one of the many franchise affiliations in the lodging industry. Smith Travel Research, lists the 25 largest U.S. chains. These 25 chains in order of the total number of rooms is Holiday Inn., Best Western, Hilton, Sheraton, Days Inn, Ramada, Marriott, Quality Inn, Howard Johnson, Motel 6, Hyatt, Comfort Inn, Econo Lodge, Super 8, Travelodge, La Quinta, Radisson, Embassy Suites, Westin Hotel, Red Roof Inn, Hampton Inn, Rodeway Inn, Stouffer Hotel, Residence Inn and Courtyard by Marriott. Acquiring a franchise affiliation will help promote the lodge and enable it to budget less for marketing and advertising. A franchise affiliation will also help to convey the 'image' of the lodge's operation, its operating style and philosophy. The franchise will be able to give the lodge some ideas for special events, and provide collateral materials for advertising, such as logos, photostats, and ad slicks. It will also help to generate room nights with suggested programs for corporate groups, conventions, tour groups, and other target markets, such as senior citizens.

A final distribution channel the lodge will utilize is Travel Montana. It is the state agency responsible for statewide tourism development and promotion. As part of its overall marketing strategy, Travel Montana is facilitating tourism-related efforts between state and tribal agencies. Travel Montana, in partnership with the Montana Coordinator of Indian Affairs Office, works closely with Montana's American Indians on tourism planning, marketing and promotion. Travel Montana campaign utilizes twenty-five different magazines and four television network areas to promote tourism in Montana. The lodge can work in conjunction with Travel Montana in promoting room accommodations for tourists at *The Pikuni Lodge*.

Other distribution channels the lodge will utilize are the middlemen of the hotel/motel industry which are:

1. Travel Agents: They will sell directly to their clients.
2. Sales force: They will target markets and convince them to stay at the lodge.
3. Word of mouth: People who have already stayed at the hotel will refer others to us..
4. Franchise affiliation reservation system: Guests will contact the reservation system on their own.

DIRECT MARKETING

The Pikuni Lodge will use direct marketing to the extent of its own internal marketing department. The lodge will have an internal department which will promote advertising of the lodge and will be responsible for ad campaigns and overall promotional efforts. The marketing department will develop a mailing list from past customers and target them for return visits to the lodge. *The Pikuni Lodge* marketing department will also work closely with

Travel Montana and local retailers to promote the lodge. The marketing department will work with the Blackfeet Tribal Economic Development committee and Planning Department. Distribution channels that can be developed internally are post cards, flyers, radio & television commercials (The Blackfeet Tribe has a low frequency local TV channel), and other promotional efforts. All these direct marketing techniques will be specific to Indian Country especially the Blackfeet Tribe and its reservation. The direct marketing by the lodge will also encompass advertising to other Indian tribes and reservations in Montana and throughout the United States. This can be accomplished through the Internet and more specifically the system called "NativeNet".

ROOM ACCOMMODATION PRICING

The average room price was up 4.2 percent through October, 1995.⁶ The lodge plans to keep up with competition by providing room rates comparable for the area. They will be higher than the budget hotels and comparable to the same grade hotels in Glacier National Park.

In determining a reasonable and acceptable room rate that would be appealing to visitors/vacationers/travelers to Glacier National Park and the Blackfeet Indian Reservation, the current room rates of its competitors was analyzed (See Section 3 - The Market & Competitors) along with the seasonality factor. The room rates varied from a high of \$187 for a suite (1 or 2 person) to a low of \$81 for an economy room (1 person) or \$87 (2 people) at the Glacier Park Lodge, Lake McDonald Lodge and Many Glacier Hotel. These are

⁶Norma Polovitz Nicerson and Neal A. Christensen, The 1996 Outlook for Travel and Tourism in Montana. Missoula, Montana: Institute for Tourism and Recreation Research, School of Forestry, University of Montana, January 1996, 1.

the hotels which will be considered comparable to *The Pikuni Lodge*. Budget motels and hotels in the park ranged from a high of \$105 for a 2 bedroom suite (2 people) to a low of \$21 for a 1 bedroom cottage no bath (1 person). Other budget motels and hotels in surrounding areas on and off the Blackfeet Indian Reservation were priced from Under \$40 per room and over \$60 per room per night.

The factor in determining a room rate scale was dependent upon the seasons of the year. It is noted that the highest room occupancy will come in the spring and summer months where occupancy will be at or near full capacity. This is important because this is the time of year when the lodge can charge a higher room rate. The fall and winter months occupancy will be lower due to the loss of the summer visitors/vacationers/travelers but will be stabilized by business/corporate customer and the winter sports enthusiasts. The lodge would need to adjust the room rates due to the lower room occupancy in order to attract the fall/winter customer.

Another very important factor in determining room rate was the cost of servicing the debt for the construction of the lodge while covering fixed and variable operating costs. In order to maximize room rates to service debt, it was decided to utilize a variable room rate which is dependent upon changes in occupancy. The use of a variable room rate system was further supported in analyzing the Best Western KwaTaqNuk Resort Hotel in Polson. In a meeting with the general manager, it was obvious that a hotel such as KwaTaqNuk needed to utilize a variable room rate. The changes in occupancy were dependent upon the seasonality adjustment for the time of year. It was obvious in analyzing the information from KwaTaqNuk that the peak seasons of late spring, summer and early fall had the highest room occupancy. Of

course, this is due to the fact that more visitors come to Montana in the summer months when the weather is more inviting. The lowest level in room occupancy occurred in the off season which included the late fall, winter and early spring months. KwaTaqNuk adjusted its room rate according to the time of year. The highest room rate was implemented in the late spring, summer and early fall months because of the high demand for rooms. the lowest room rates were applied during the off season which included late fall, winter and early spring months. This form of sliding scale for room rates has worked for KwaTaqNuk and would work for *The Pikuni Lodge*.

The room rates for *The Pikuni Lodge* are high but will be offset by other means. The lodge, just like other hotels, instead of having lower room rates, will attract business through improved perks. Some of these perks would be airline discounts, free long-distance calls and breakfasts and upgraded frequent-traveler programs. For example, Marriott Corporation's Marriott Hotels, Resorts and Suites offers guests 500 airline miles per stay, a promotion equaled by IIT Sheraton's \$1 million upgraded frequent-traveler club. The campaigns of other hotels chains have similar perks.⁷

Although the lodge's room rates are comparable to its competitors, the lodge would continue to monitor the rates to insure they are competitive but at the same time are in a price range which will keep the lodge profitable. The lodge will continue to adjust its room rates accordingly in keeping with the ever changing economic and social trends of the industry.

⁷Christy Fisher, "Hotels embrace value, abandon price pitch" Advertising Age, September 6, 1993, 26.

Based upon the analysis of competitors and other factors influencing the room rate for *The Pikuni Lodge*, the lodge will charge the following room rates based upon internal facility location (Lake view or Mountain view rooms), number of occupants and seasons:

**PIKUNI LODGE
ROOM RATE SCHEDULE**

SEASONS	LAKE VIEW ROOMS		MOUNTAIN VIEW ROOMS	
	ROOM RATE 1 PERSON	ROOM RATE 2 PERSONS	ROOM RATE 1 PERSON	ROOM RATE 2 PERSONS
JANUARY 1 TO APRIL 30	\$59 PER NIGHT	\$69 PER NIGHT	\$74 PER NIGHT	\$84 PER NIGHT
MAY 1 TO JUNE 15	\$74 PER NIGHT	\$84 PER NIGHT	\$86 PER NIGHT	\$96 PER NIGHT
JUNE 15 TO SEPT 15	\$94 PER NIGHT	\$104 PER NIGHT	\$107 PER NIGHT	\$117 PER NIGHT
SEPT 16 TO OCT 31	\$74 PER NIGHT	\$84 PER NIGHT	\$86 PER NIGHT	\$96 PER NIGHT
NOV 1 TO DEC 31	\$60 PER NIGHT	\$70 PER NIGHT	\$75 PER NIGHT	\$85 PER NIGHT
(PLUS 4% LODGING TAX)				

Children Age 12 & Under - No Charge in same room

Extra Person: \$10.00

Rollaway: \$12.00

Crib: No Charge

PROMOTION

The Pikuni Lodge will utilize an effective media mix to promote the lodge and the services it has to offer and will have a synergistic effect on its components. For instance, if consumers see a newspaper ad for the lodge, hear a radio spot, and see something on TV, the influence on those potential consumers is far greater than had they seen only the newspaper ad. The lodge will use a well-planned media mix in which the total advertising program becomes greater than the sum of each of its individual parts.

The lodge realizes that initially every media used in the mix may not work effectively but can best use the media mix by considering its budget for marketing, customers and potential customers, and the strengths and weaknesses of each medium. The inherent strengths and weaknesses of each advertising medium can play an important role in the success of the lodge's marketing strategy. *The Pikuni Lodge* will use a media mix consisting of television, radio, newspapers, magazines, outdoor advertising and the yellow pages. The following information presents each advertising medium, how it will be used and its strengths and weaknesses.

TELEVISION

Television, with \$28.4 billion in revenues, is the second largest advertising medium in terms of total advertising volume in the U.S. In 1990, TV advertising accounted for 22.1 percent of all advertising.⁷ The lodge will work in conjunction with local TV stations and national networks to promote TV commercials about the lodge and its services. TV

⁷Yellow Pages Publishing Association, Yellow Pages And The Media Mix (Troy, Michigan: Privately Printed, 1994, 1-2.

advertisements will be run on a regular basis whose frequency will be dependent upon the amount of marketing funds available in the budget.

Television is unquestionably the most dynamic of all forms of advertising. It combines visual activity and sound -- highly effective for catching the attention of consumers. Its broad appeal and large audience are definite strengths. More than 98 percent of all U.S. households own a TV, and average viewing time is over seven hours a day.

Strengths of use of TV by the lodge include appeal, immediacy, flexibility, ability to target audiences, prestige and broad audience. Weaknesses of using TV are high cost, audience too broad for some services, low recall of ads among consumers, fragmentation of market and downscale demographic of viewers.

RADIO

Radio is the most universal of all media. Virtually everyone in the U.S. owns or has access to a radio. The average American household has six radios, and most cars are equipped with one as well. Radio reaches more than 78% on a daily basis. Radio generated \$8.7 billion in advertising volume in 1990. This accounted for 6.8 percent of total advertising expenditures.⁸

The lodge will air radio spots promoting the lodge on local radio stations (KZ96FM & KSEN - Shelby) as well as radio stations in Great Falls and Kalispell. The cost of radio advertising is relatively low.

Strengths of using radio ads are wide availability, immediacy, flexibility, cost and

⁸Ibid, 2-3.

ability to target audiences. Weaknesses include fragmentation of market, need for repetition and low recall among consumers.

NEWSPAPERS

Newspapers are one of the original advertising mass media. They also are the largest advertising medium, at \$32.2 billion. Newspapers accounted for 25.1 percent of total ad volume in 1990. Growth in the newspaper industry has been relatively flat, with the total number of daily papers in the U.S. declining almost one percent in each of the last three years.⁹

The Pikuni Lodge will place ads, coupons, flyers in local and regional newspapers such as the Great Falls Tribune, The Interlake (Kalispell), The Missoulian (Missoula) and newspapers in Helena, Butte, Bozeman, Havre Billings. Local newspapers will include the Independent-Observer (Conrad), The Pioneer Press (Cut Bank) and the Glacier Reporter (Browning). Other major newspapers throughout the U.S. will be solicited in coordination with Travel Montana because Travel Montana already has established access to these newspapers.

Strengths of using the newspapers are wide availability, immediacy, flexibility, choice of advertising formats and reader loyalty. Weaknesses include high cost, short life span, need for repetition and low recall of ads among consumers.

MAGAZINES

Magazine advertising accounted for \$6.8 billion in 1990. This was 5.3 percent of total ad revenues. Even though there has been a 19 percent increase in the number of magazines in

⁹Ibid, 3-5.

the U.S. over the last ten years, magazine revenues have remained relatively flat.¹⁰

The lodge will utilize advertisements in magazines throughout the U.S. The lodge will work in collaboration with Travel Montana to include ads promoting the lodge. The magazines that Travel Montana has established access to are New Choices, Ladies Home Journal, Adventure West, American Heritage, National Parks, Historic Preservation, Mens Journal, Gourmet, Mature Outlook, Home & Away, Equinox, Conde Nast, Fly Fisherman, Travel Holiday, Bon Apetit, Friendly Exchange, McCalls, Sunset, Sierra, Outdoor Photographer, Nation Geo Traveler, Travel & Leisure, Outside and Western Outdoors.

Strengths in using magazine ads for the lodge are prestige, upscale demographics of readers, ability to target audiences, long life span, reader loyalty and association with leisure time activities. Weaknesses include fragmentation of market, high cost, lack of immediacy, lack of flexibility, need for repetition and long lead time.

OUTDOOR ADVERTISING

Outdoor advertising accounted for \$1.1 billion in revenues in 1990 -- .8 percent of all advertising. Although often overlooked in discussion of advertising media, outdoor advertising has an important strength in its ability to sustain visibility for a well-known product or service through large, eye-catching visuals that are accessible 24 hours a day. This could be a drawback, though, for new products or services. Many experts say that billboard copy should be limited to no more than six words. While this is acceptable for an established advertiser with good consumer recognition, six words generally can't acquaint people with new or

¹⁰Ibid, 5-6.

unfamiliar products or services.¹¹

The lodge will use outdoor advertising on a limited basis to determine effectiveness. Several businesses in and around the park and reservation use outdoor advertising and its has been quite affective. The reservation does support a strong position of protecting the environment and would support outdoor advertising on a limited basis. Billboards would be posted on U.S. Highway 2 and 89. These two highways are the most accessible routes across the reservation with U.S. Highway 89 actually being the main route to *The Pikuni Lodge*.

Strengths of outdoor advertising are high visibility, available 24 hours a day and strong reinforcement for well-known product or service. Weaknesses of outdoor advertising include limited viewing time, limited space available, no ability to target audience, copy is limited, increasing negative image among consumers, and increasing government regulations.

THE YELLOW PAGES ADVERTISING

The Yellow Pages is a growing advertising medium. Its total ad volume in 1990 was \$8.9 billion, 6.9 percent of total advertising expenditures. Yellow Pages advertising functions in a manner that is inherently different from the other media. Television, newspapers, magazines, direct mail and outdoor advertising all sell products or services by creating awareness of and demand for them. The Yellow Pages generally is not a medium that creates awareness or demand. The Yellow Pages is called a "directional" medium because it points willing consumers in a direction where their purchases can be made. Production costs for ads in a Yellow Pages directory can be relatively low, particularly when the life span of a

¹¹Ibid, 7-8.

directory is taken into account.¹² The lodge will utilize the Yellow Pages in local and regional telephone books.

Strengths of the Yellow Pages are wide availability, acts as final "link" in the buying cycle, supports and reinforces advertising in other media, long life span, high percentage of use among consumers and choice of ad sizes. Weaknesses of the Yellow Pages include fragmentation of the market, lack of immediacy, lack of flexibility, long lead times and not seen as a creative medium.

OTHER ADVERTISING

The Pikuni Lodge will implement various sales promotions such as but not limited to the following:

1. **Supersaver Weekend Program:** Competitive weekend rate program: regionally determined for Friday, Saturday, and/or Sunday nights; available on a space-available basis.

Target Market: All leisure travelers, including extended business trips and amateur and professional athletes.

Guest Benefits: Low supersaver rate.

2. **Corporate Rate Program:** Provides corporate travelers with favorable rates, guaranteed for the full calendar year.

Target Market: Individual and corporate business travelers.

Consumer Benefits: Guaranteed room rate for full calendar year, last room availability.

3. **Promotional Program:** A 10 percent discount off applicable rates to approved affiliated organizations.

¹²Ibid, 8-10.

Target Market: Leisure travelers marketed through affiliated organizations via travel clubs, coupon books, and newsletters.

4. Senior Citizen Program: A 25 percent discount off applicable room rates available on limited space basis; proof of age 60 or older or membership ID from senior's association.

Target Market: Leisure travelers, 60 years of age or older.

SUMMARY

The Pikuni Lodge will be utilizing a wide variety of marketing and media mix to promote the lodge to its customers. As a new business, the lodge will need to evaluate the effectiveness of the ads in the various media and find out which ones are most cost effective over time. The lodge will budget sufficient funds for the marketing plan to be effective in both response rate and cost. The lodge will monitor the marketing campaign on a yearly basis and adjust it accordingly. The marketing strategy will be the primary responsibility of the marketing department.

Increasingly diversified advertising reflects a market that will continue to expand. The U.S. hotel industry is on an upswing as profits and occupancy increase. Caution was used when increasing advertising expenditures because of the uncertain market potential. Now, marketing programs appear to be generating an acceptable market response.¹³

¹³Carlo Wolff, "Do hotel ads work?" Lodging Hospitality, July 1994, 24.

5. Design & Development Plan

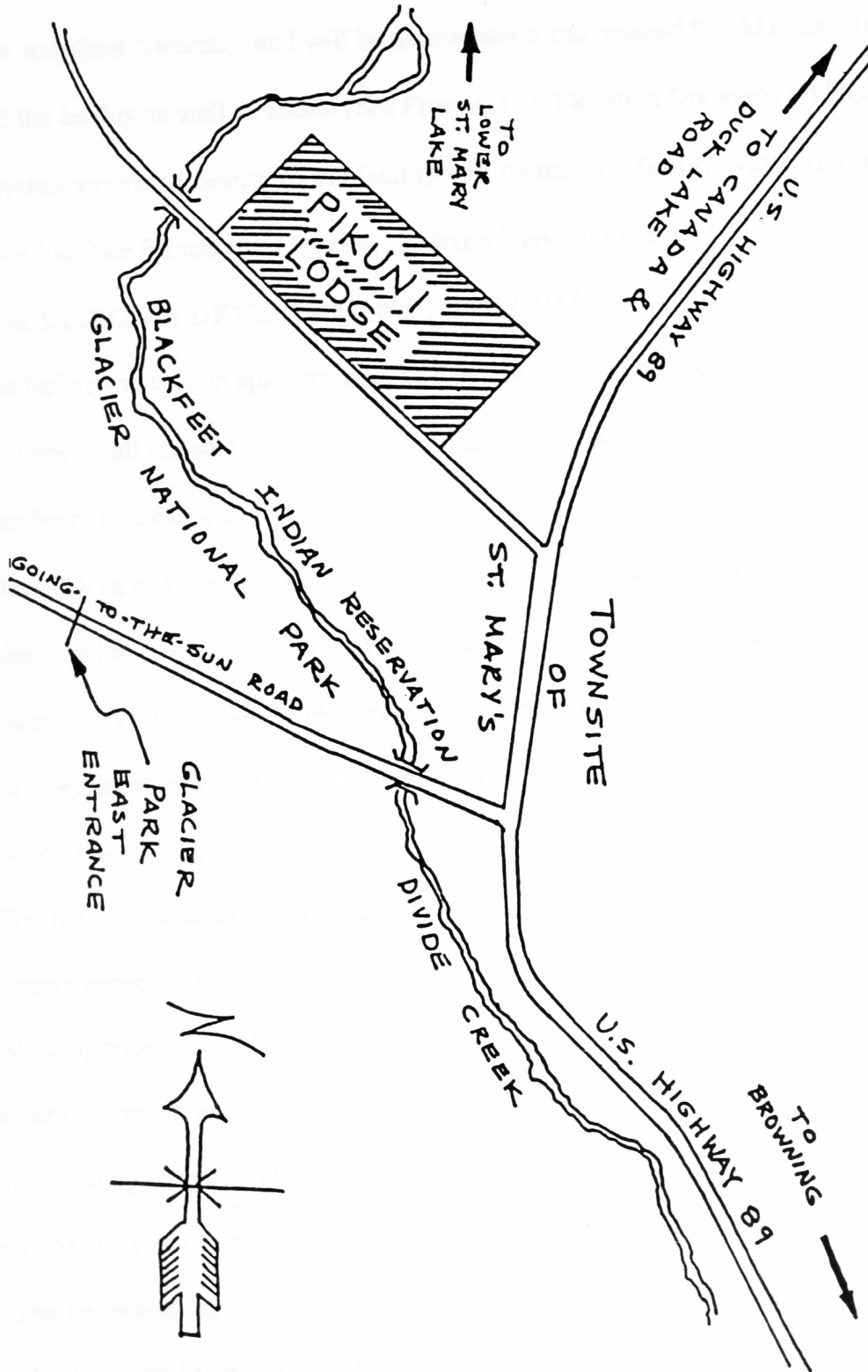
The design and development of *The Pikuni Lodge* is presented in this section. The design of the lodge was based upon the concept of projecting an appearance associated with a comfortable and relaxed mountain outdoor atmosphere. The lodge's development is based upon this design concept in conjunction with a Native American theme. The design of the lodge will be conducive to the tourists and travelers to Glacier National Park as well as the business traveler and the outdoor sports enthusiast.

SITE LOCATION DESIGN & DEVELOPMENT

The Pikuni Lodge will be located at St. Mary's Townsite in Northcentral Montana on the Blackfeet Indian Reservation. The facility site location will be just off the Lower St. Mary lake road. The legal description of the land is a parcel of land located in the Southwest Corner of Range 14 West, Township 35 North, containing twenty (20) acres more or less. The site location will be located due West of U.S. Highway 89 and adjacent to the Southern portion of the Lower St. Mary's lakeshore road (See map on Page 5 - 2.). In developing the project site, caution and care will be taken to retain as much of the natural surrounding trees and vegetation to insure a natural mountain environment. This will also aid in soil conservation and protecting of the environment. The site location is covered with natural trees and vegetation and is within walking distance of St. Mary Lake, Divide Creek and the river connecting Upper and Lower St. Mary's Lakes.

EXTERIOR DESIGN & DEVELOPMENT DESCRIPTION

The lodge's exterior will be designed with a mountain resort appeal. The facility will contain large thermopaned windows for energy efficiency and viewing the countryside. The



Source: Blackfeet Natural Resources Office, Browning, MT

exterior finish will be native stone and natural pine, cedar and redwood. All exterior doors will provide excellent viewing and will be thermopaned and paneled to add to the energy efficiency of the facility as well as access (See Front & Left Elevation Drawings on Page 5 - 4.). The overall structural design of the facility will represent a facility which fits into a mountain setting (See Perspective Drawing - Exterior View on Page 5 - 5.).

INTERIOR DESIGN & DEVELOPMENT DESCRIPTION

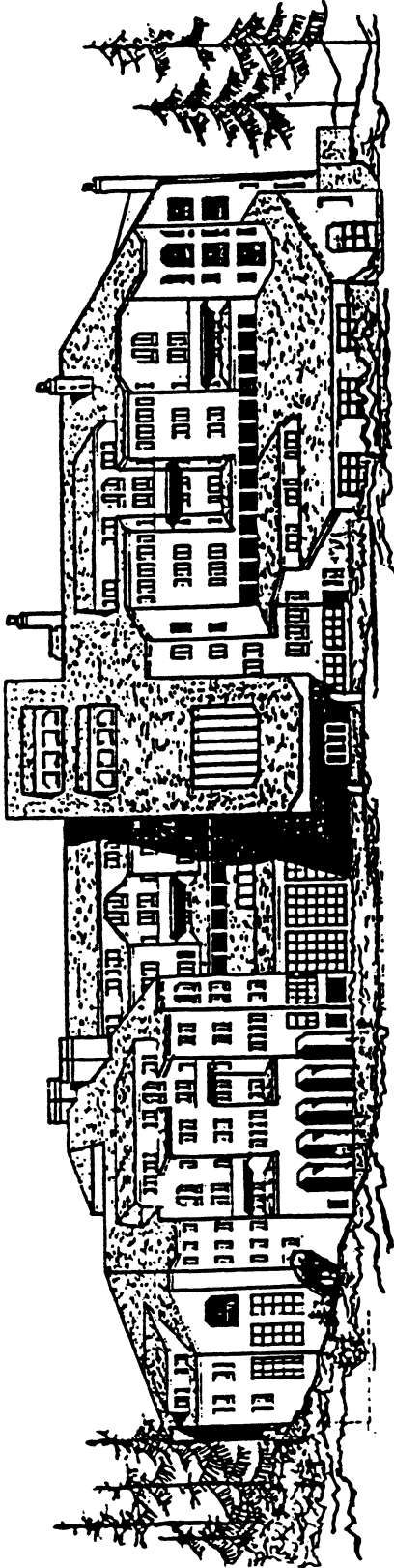
The facility will contain spacious interior balconies and main lobby area. These areas will be open-spaced all the way to the top guestroom floor levels (See Perspective Drawing - View From Front Entry on Page 5 - 6.).

There will be seven guestroom floor levels which will contain 150 guestrooms varying from singles to suites. It will contain three full levels of rooms ranging from 40-45 rooms per level. the other levels will contain the remaining 150 guestrooms for the lodge as well as some rooms for permanent staff and personnel working at the lodge (See Floor Plan - Typical Guestroom on Page 5 - 7.).

The main floor level of the lodge will contain all the facilities for recreational and ancillary visitor services. These facilities will include the foyer and main lobby, reception and front desk area, restaurant and kitchen areas, lounge and bar, gift, apparel and crafts shops, management offices, public and employee lavatories, elevators and stairways, conference/meeting rooms and lobbies, indoor swimming pool, sauna, Jacuzzi and exercise room, service areas and corridors (See Floor Plan - Ground Level on Page 5 - 8.).

The housekeeping, maintenance and laundry services will be located in a separate building but connected to the main lodge (See Site Plan on Page 5 - 9.).

(Source: Apartments, Townhouses & Condominiums, 2nd Edition, McGraw Hill Book Co., New York, 1975.)

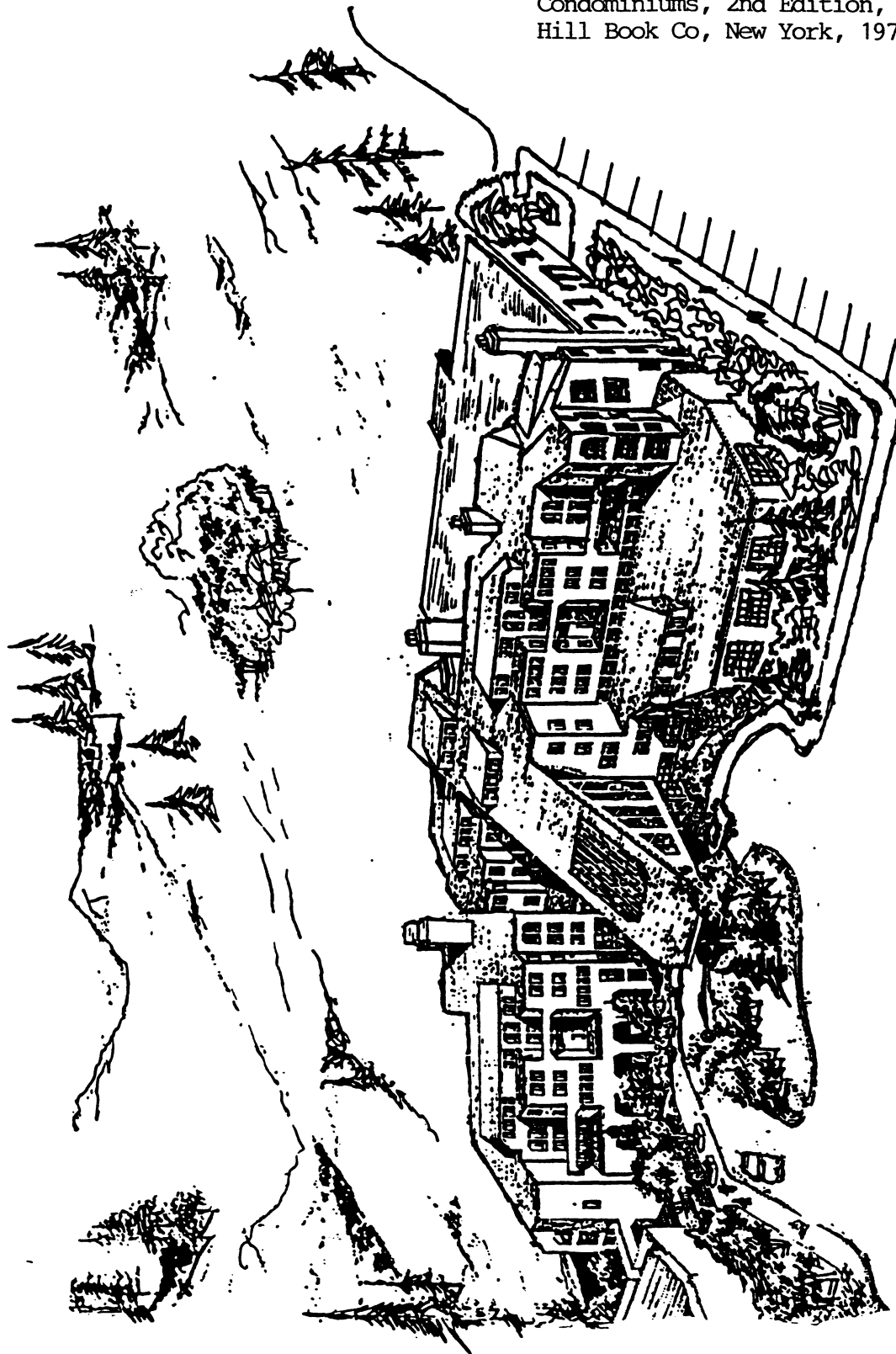


PIKUNI LODGE - FRONT ELEVATION

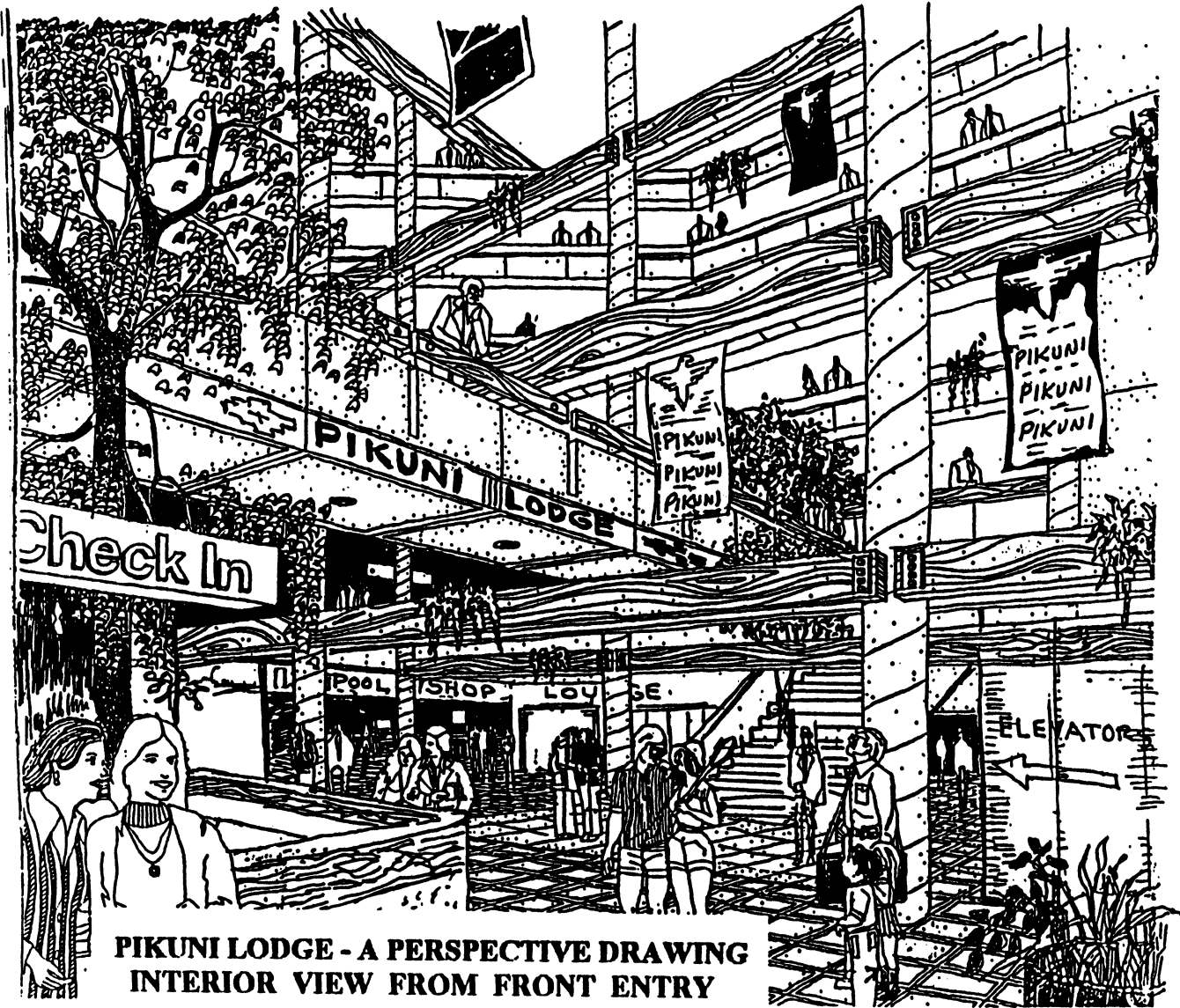


PIKUNI LODGE - LEFT ELEVATION

(Source: Apartments, Townhouses & Condominiums, 2nd Edition, McGraw Hill Book Co, New York, 1975.)



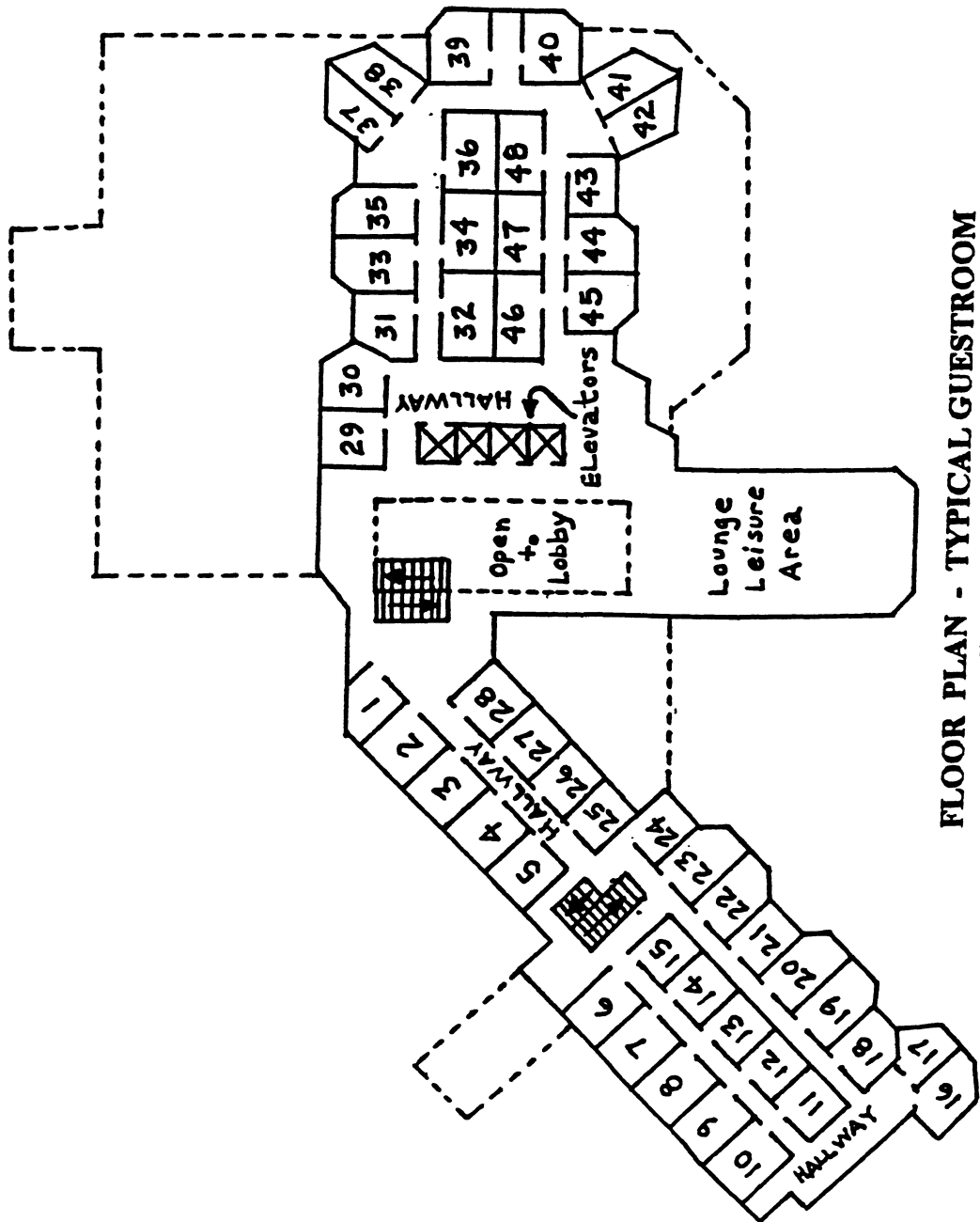
**PIKUNI LODGE - A PERSPECTIVE DRAWING
EXTERIOR VIEW**



**PIKUNI LODGE - A PERSPECTIVE DRAWING
INTERIOR VIEW FROM FRONT ENTRY**

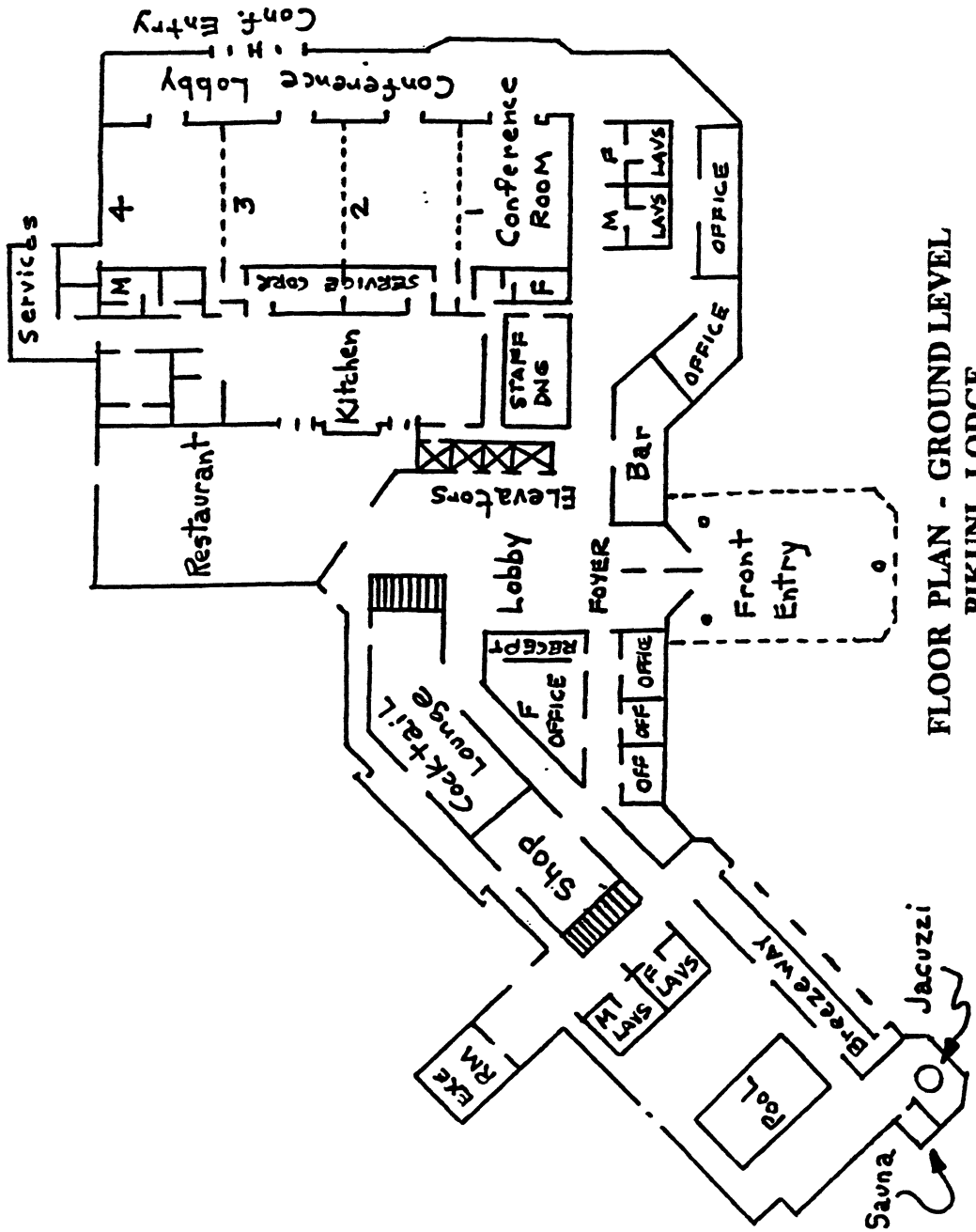
(Source: Apartments, Townhouses & Condominiums, 2nd Edition, McGraw Hill Book Co., New York, 1975.)

(Source: *Apartments, Townhouses & Condominiums*, 2nd Edition, McGraw Hill Book Co., New York, 1975.)



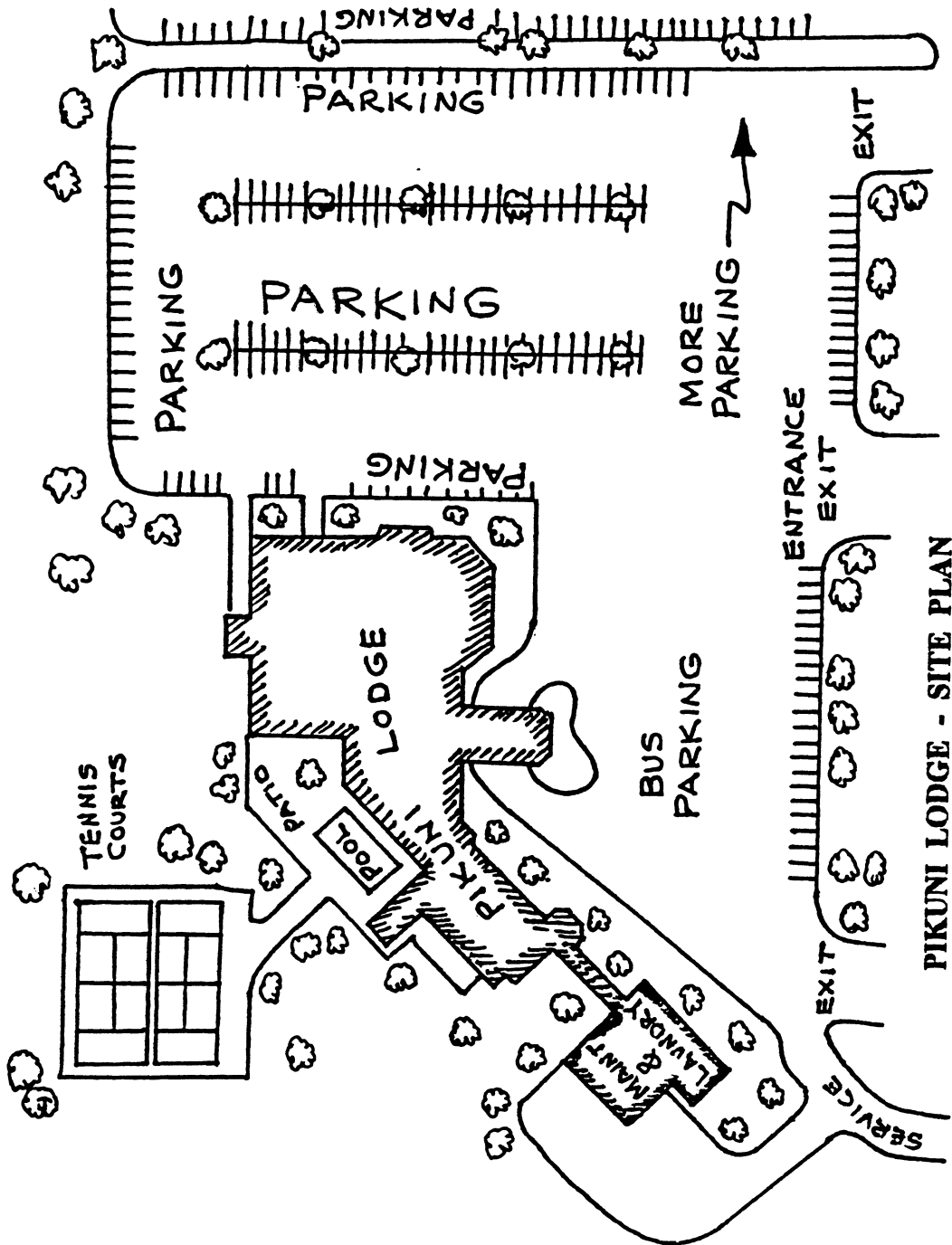
FLOOR PLAN - TYPICAL GUESTROOM
PIKUNI LODGE

(Source: Apartments, Townhouses & Condominiums, 2nd Edition, McGraw Hill Book Co., New York, 1975.)



FLOOR PLAN - GROUND LEVEL
PIKUNI LODGE

Source: Blackfeet Natural Resources Office, Browning, Montana
Blackfeet Indian Reservation



PIKUNI LODGE - SITE PLAN

FACILITIES PROGRAMMING - SPACE ALLOCATIONS

In designing and developing the lodge, the Blackfeet Tribe considered space allocation needs. For example, the square footage needed for guestrooms may vary between 68 to 69 percent and 82 to 83 percent of total facility square footage; 16 to 17 percent of space for public needs (lobby, food & beverage facilities, etc.); 2.2 to 2.4 percent for administration areas (executive offices, front office, sales & accounting); and 7 percent for service areas. The preliminary space allocations for the lodge were based on the basic thumb rule tables for space allocation (American Hotel & Motel Association, 1995) and the textbook, Hotel Planning and Design, by Walter A. Rutes and Richard H. Penner, 1993. The final space allocations will differ from the preliminary allocations because of variances due to operator specifications, geographical conditions and the level of services and facilities.

The preliminary design of the lodge which is reflective of the actual space allocations, needed a list of revenue-producing and service areas. A summary of major facilities included the following:

Guest Rooms - Number of room "keys" (separate rental units)

- Number of room bays (total equivalent room modules)
- Typical room and suite configurations and dimensions (including baths, closets, etc.)

Lobby and Public Areas - Architectural image

- Amount of retail shop space
- Administrative and front office program

Food and Beverage - Restaurants (with capacity, quality level and theme of each)

- Lounges (with capacity, quality level and theme of each)

Other - Function space (conference and meeting rooms, exhibit areas, etc.)

- Recreational facilities

- Parking requirements

Based upon the above information and applicable local building code requirements, and other needs that the Tribe felt would be beneficial to the design and development of the lodge, preliminary space allocation needs were developed for the facility.

The following is a preliminary space allocation chart for *The Pikuni Lodge*:

**PRELIMINARY DESIGN PROGRAM
FOR
THE PIKUNI LODGE**

	<u>Subtotal SF</u>	<u>Total SF</u>
PARKING		
- Provide 225 spaces minimum		
GUEST ROOM FLOORS		
- 150 guest room bays		
- 28.5' x 14.0' overall bay size		
- 18' clear x 13.67' clear oversized bedroom		
- 5.5' double loaded corridors		
- 4' x 14.0' balconies		
- 7 floors of guest rooms		
GUEST ROOMS FLOORS - TOTAL SF		88,314

**PRELIMINARY DESIGN PROGRAM
FOR
THE PIKUNI LODGE
(CONTINUED)**

	<u>Subtotal SF</u>	<u>Total SF</u>
FOOD AND BEVERAGE		
- Lounge (85 seats @ 19 SF/seat)	1,615	
- Freestanding Restaurant	3,500	
- Pool Snack Bar	210	
- Support (Toilets, Circulation, etc.)	500	
FOOD & BEVERAGE - TOTAL SF		5,825
FUNCTION SPACE		
- Four conference/meeting rooms	5,000	
- Function foyers & ante rooms	1,400	
- Support (Toilets, Circulation, etc.)	750	
- Function space storage	700	
FUNCTION SPACE - TOTAL SF		7,850
INDOOR RECREATION		
- Indoor pool	1,000	
- Exercise room	420	
- Sauna & Jacuzzi	900	
- Support, storage, etc.	500	
INDOOR RECREATION - TOTAL SF		2,820

**PRELIMINARY DESIGN PROGRAM
FOR
THE PIKUNI LODGE
(CONTINUED)**

	<u>Subtotal SF</u>	<u>Total SF</u>
GENERAL PUBLIC		
- Main entrance lobby & foyer	2,450	
- Circulation	840	
- Support	400	
GENERAL PUBLIC - TOTAL SF		3,690
ADMINISTRATIVE		
- Front desk and reservations	700	
- Computer	250	
- Accounting	650	
- General Administration	1,260	
- Sales & Marketing	650	
ADMINISTRATIVE - TOTAL SF		3,510
FOOD & BEVERAGE PREP/STORAGE		
- Main kitchen	2,450	
- Food & beverage storage (Dry)	490	
- Food & beverage storage (Refrigerated)	250	
- Misc. support	150	
FOOD & BEV PREP/STOR - TOTAL SF		3,340

**PRELIMINARY DESIGN PROGRAM
FOR
THE PIKUNI LODGE
(CONTINUED)**

	<u>Subtotal SF</u>	<u>Total SF</u>
GENERAL SERVICE AREA - TOTAL SF		
EMPLOYEE FACILITIES		
- Employee dining room	500	
- Employee lockers & offices, etc.	900	
EMPLOYEE FACILITIES - TOTAL SF		1,400
HOUSEKEEPING AND LAUNDRY - TOTAL SF		2,100
BULK STORAGE - TOTAL SF		900
ENGINEERING - TOTAL SF		1,100
BACK OF HOUSE CIRCULATION - TOTAL SF		2,400
MECHANICAL SPACE - TOTAL SF		2,900
GROSS BUILDING SQUARE FOOTAGE		127,099

The following is a budget of the total project cost for *The Pikuni Lodge* based in part on an article entitled "How to budget for a hotel project" by Olivia Neece, Lodging Reprints: A Step by Step Approach to Hotel Development, American Hotel & Motel Association, 1995:

**PROJECT BUDGET
FOR
THE PIKUNI LODGE**

<u>BUDGET LINE ITEM</u>	<u>SUBTOTAL</u>	<u>TOTAL</u>
INVESTIGATORY		
Travel & Miscellaneous	\$ 2,156	
Feasibility Study	\$ 6,654	
TOTAL		\$ 8,810
LAND ACQUISITION COSTS		
Land	\$ 977,225	
Closing Costs/Land Purchase	\$ 651	
Broker Fees	\$ 9,772	
Legal for Acquisition	\$ 6,000	
TOTAL		\$ 993,648
INITIAL COSTS		
Travel & Miscellaneous	\$ 6,000	
Utility & Contour Survey	\$ 1,015	
Geotech & Seismic Consult	\$ 4,000	
Architect Fees	\$ 7,530	
TOTAL		\$ 18,545
INTANGIBLES		
Accounting (Year-End)	\$ 5,000	
Franchise	\$ 20,000	
Construction Financing		
Lender Points	\$ 117,657	
Title Insurance	\$ 20,403	
Financing Fee	\$ 58,829	
Legal		
Financing	\$ 10,000	
Partnership Agreement	\$ 1,998	
TOTAL		\$ 235,887

**PROJECT BUDGET
FOR
THE PIKUNI LODGE
(CONTINUED)**

<u>BUDGET LINE ITEM</u>	<u>SUBTOTAL</u>	<u>TOTAL</u>
FINANCING FEES		
Financing & Carrying Cost (Before Construction)		
Interest	\$ 5,000	
Financing & Carrying Cost (During Construction)		
Interest	\$ 176,486	
Taxes	\$ 3,732	
Insurance	\$ 4,983	
Inspection Fees	\$ 10,660	
Other	\$ 6,000	
TOTAL		\$ 206,861
PROJECT SUPERVISION		
Developer		
Fees	\$ 320,000	
Reimbursable	\$ 5,000	
Payroll & Partner Supervision	\$ 57,500	
Reimbursables	\$ 5,000	
TOTAL		\$ 387,500
PROFESSIONAL FEES: CONSTRUCTION		
Architect		
Fees	\$ 149,233	
Reimbursables	\$ 10,000	
Engineer (Mechanical/Electrical/Structural)		
Fees	\$ 37,500	
Structural Reimburse		
Civil Fees	\$ 17,500	
Landscape Design & Architect		
Fees	\$ 8,625	
Inspection Fees		
Reimbursables	\$ 25,000	
TOTAL		\$ 247,858

**PROJECT BUDGET
FOR
THE PIKUNI LODGE
(CONTINUED)**

<u>BUDGET LINE ITEM</u>	<u>SUBTOTAL</u>	<u>TOTAL</u>
CONSTRUCTION COSTS		
Construction Contract		
Original Contract	\$5,475,810	
Other	\$ 47,984	
Permits (Construction)		
Permits	\$ 6,985	
Design Review Board	\$ 4,806	
Other Permits	\$ 2,000	
Utility Tap-In Fees		
Sewer (Holding Tank System)	\$ 88,480	
Water (Well & Storage Tank)	\$ 50,394	
Electrical	\$ 1,760	
Other	\$ 2,700	
Survey		
Improvement	\$ 4,000	
Blueprint & Photography	\$ 5,000	
Testing		
Concrete	\$ 4,000	
Structural	\$ 4,000	
Other	\$ 7,000	
TOTAL		\$ 5,704,919
PROFESSIONAL FEES: FF&E		
Interior Design		
Fees	\$ 35,000	
Other	\$ 7,500	
Kitchen		
Fees	\$ 1,250	
Telephone Communications		
Fees	\$ 9,000	
TOTAL		\$ 52,750

**PROJECT BUDGET
FOR
THE PIKUNI LODGE
(CONTINUED)**

<u>BUDGET LINE ITEM</u>	<u>SUBTOTAL</u>	<u>TOTAL</u>
FURNITURE, FIXTURES, CARPET, DRAPERY		
Conference Center &		
Pre-Function		
Floorcovering	\$ 24,000	
Furniture	\$ 162,000	
Draperly	\$ 3,500	
Wallcovering	\$ 1,250	
Corridors		
Floorcovering	\$ 26,400	
Furniture	\$ 43,000	
Draperly	\$ 7,600	
Wallcovering	\$ 9,000	
Other	\$ 3,800	
Employee Dining /Lockers/Offices		
Floorcovering	\$ 300	
Furniture	\$ 2,500	
Wallcovering	\$ 750	
Guest Rooms		
Floorcovering	\$ 31,500	
Furniture	\$ 229,500	
Draperly	\$ 49,600	
Wallcovering	\$ 35,000	
Decor & Accessories	\$ 32,800	
Suites		
Floorcovering	\$ 1,300	
Furniture	\$ 19,500	
Draperly	\$ 1,700	
Wallcovering	\$ 1,100	
Decor & Accessories	\$ 1,000	

**PROJECT BUDGET
FOR
THE PIKUNI LODGE
(CONTINUED)**

<u>BUDGET LINE ITEM</u>	<u>SUBTOTAL</u>	<u>TOTAL</u>
FURNITURE, FIXTURES, CARPET, DRAPERY		
Lobby		
Floorcovering	\$ 8,500	
Furniture	\$ 86,000	
Drapery	\$ 14,000	
Wallcovering	\$ 3,700	
Decor & Accessories	\$ 20,000	
Offices		
Floorcovering	\$ 5,700	
Furniture	\$ 26,000	
Drapery	\$ 1,500	
Wallcovering	\$ 210	
Other	\$ 800	
F & B: Gift Shop		
Floorcovering	\$ 2,900	
Furniture	\$ 1,500	
Wallcovering	\$ 750	
F & B: Bar & Lounge		
Floorcovering	\$ 3,600	
Furniture	\$ 70,000	
Drapery	\$ 700	
Wallcovering	\$ 500	
Kitchen & Service Area		
Floorcovering	\$ 10,000	
Wallcovering	\$ 5,500	
Swimming Pool (In-door & Outdoor)		
Furniture	\$ 18,000	
Exercise Room		
Furniture	\$ 3,100	
Drapery	\$ 1,000	
Wallcovering	\$ 1,300	

**PROJECT BUDGET
FOR
THE PIKUNI LODGE
(CONTINUED)**

<u>BUDGET LINE ITEM</u>	<u>SUBTOTAL</u>	<u>TOTAL</u>
FURNITURE, FIXTURES, CARPET, DRAPERY		
Tennis Courts		
Furniture	\$ 1,000	
Signs		
Exterior Signs	\$ 75,000	
Other	\$ 20,000	
Installation Contracts	\$ 35,000	
Purchasing Fee	\$ 120,000	
Sales Tax	\$ 110,000	
Freight	\$ 135,000	
Storage	\$ 5,000	
Other	\$ 50,000	
TOTAL		\$ 1,543,360
EQUIPMENT: GENERAL BUILDING SYSTEMS		
Computer System	\$ 150,000	
Television/Radio System		
Telecommunications System	\$ 200,000	
Purchasing Fee	\$ 2,000	
TOTAL		\$ 352,000
EQUIPMENT: OPERATING		
Front Office Equipment		
Cash Registers	\$ 27,500	
Safe & Deposit Boxes	\$ 4,500	
Office Equipment	\$ 20,000	
F & B Equipment		
Kitchen Equipment	\$ 150,000	
Other	\$ 15,000	
Ice Machines	\$ 12,500	
Audio Visual	\$ 50,000	
Maintenance	\$ 5,000	
Exercise Room Equipment	\$ 25,000	

**PROJECT BUDGET
FOR
THE PIKUNI LODGE
(CONTINUED)**

<u>BUDGET LINE ITEM</u>	<u>SUBTOTAL</u>	<u>TOTAL</u>
EQUIPMENT: OPERATING		
Pool Equipment	\$ 1,000	
Laundry	\$ 60,000	
Vehicles	\$ 30,000	
China	\$ 25,000	
Glass	\$ 7,500	
Flatware	\$ 10,000	
Utensils	\$ 2,500	
Linen	\$ 50,000	
Uniforms	\$ 12,500	
Employee Facilities	\$ 2,500	
Holloware	\$ 17,500	
TOTAL		\$ 528,000
SUPPLIES		
Administration	\$ 12,500	
Maintenance	\$ 1,500	
Rooms		
Housekeeping	\$ 35,000	
Printing & Stationary	\$ 5,000	
Restaurant, Lounge/Bar, Kitchen	\$ 5,000	
Purchasing Fee	\$ 26,500	
TOTAL		\$ 85,500
PRE-OPENING		
Advertising & Promotion		
Travel & Entertainment	\$ 5,000	
Other	\$ 32,500	
Dues & Subscriptions	\$ 2,500	
Employee Recruitment		
Agency Fees	\$ 7,500	
Employee Relocation	\$ 20,000	
Office Forms & Supplies		
General Office	\$ 2,500	
Postage	\$ 2,500	

**PROJECT BUDGET
FOR
THE PIKUNI LODGE
(CONTINUED)**

<u>BUDGET LINE ITEM</u>	<u>SUBTOTAL</u>	<u>TOTAL</u>
PRE-OPENING - CONTINUED		
Office Forms & Supplies - Continued		
Printing & Stationary	\$ 2,500	
Travel & Entertainment		
Property	\$ 2,500	
Corporate	\$ 2,500	
Salary & Wages		
Payroll	\$ 60,000	
Casual Labor	\$ 10,000	
Taxes & Benefits	\$ 15,000	
Telephone	\$ 5,000	
Testing & Training	\$ 5,000	
Trash Removal	\$ 2,500	
Other	\$ 9,500	
TOTAL		\$ 114,500
WORKING CAPITAL		
Cash		\$ 750,000
CONTINGENCY		
		\$ 5,000
PROJECT TOTAL		\$ 11,280,138

PROJECT IMPROVEMENTS

Project improvements which are planned for *The Pikuni Lodge* are primarily recreational site improvements and ancillary business development. The recreational site improvements will include the development of a nature trail system in and around the site location. The nature trail will also serve as a walking/jogging trail. Also, a nine-hole golf course will be developed to the north of the lodge. Ancillary business development will include the development of such services as a shuttle bus service, car rental and row/sailing boat dock and facilities. Other services will include the development of a cultural exhibition center, a visitor center and horseback riding tours.

The name *The Pikuni Lodge* and development of a company logo will be registered to insure against any duplication of the company name and logo by present and future competitors.

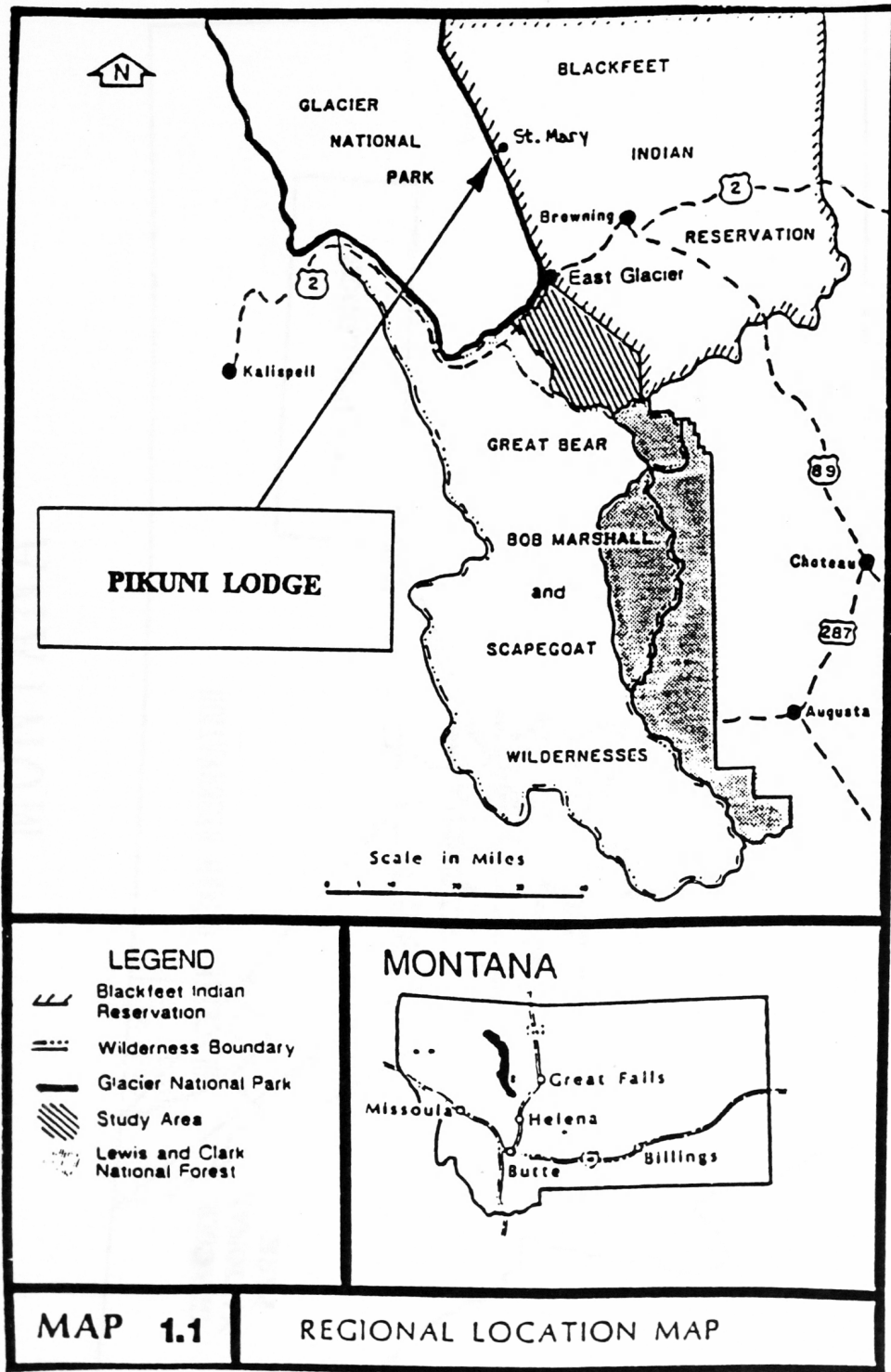
6. Operations Plan

LOCATION/AREA OF OPERATION

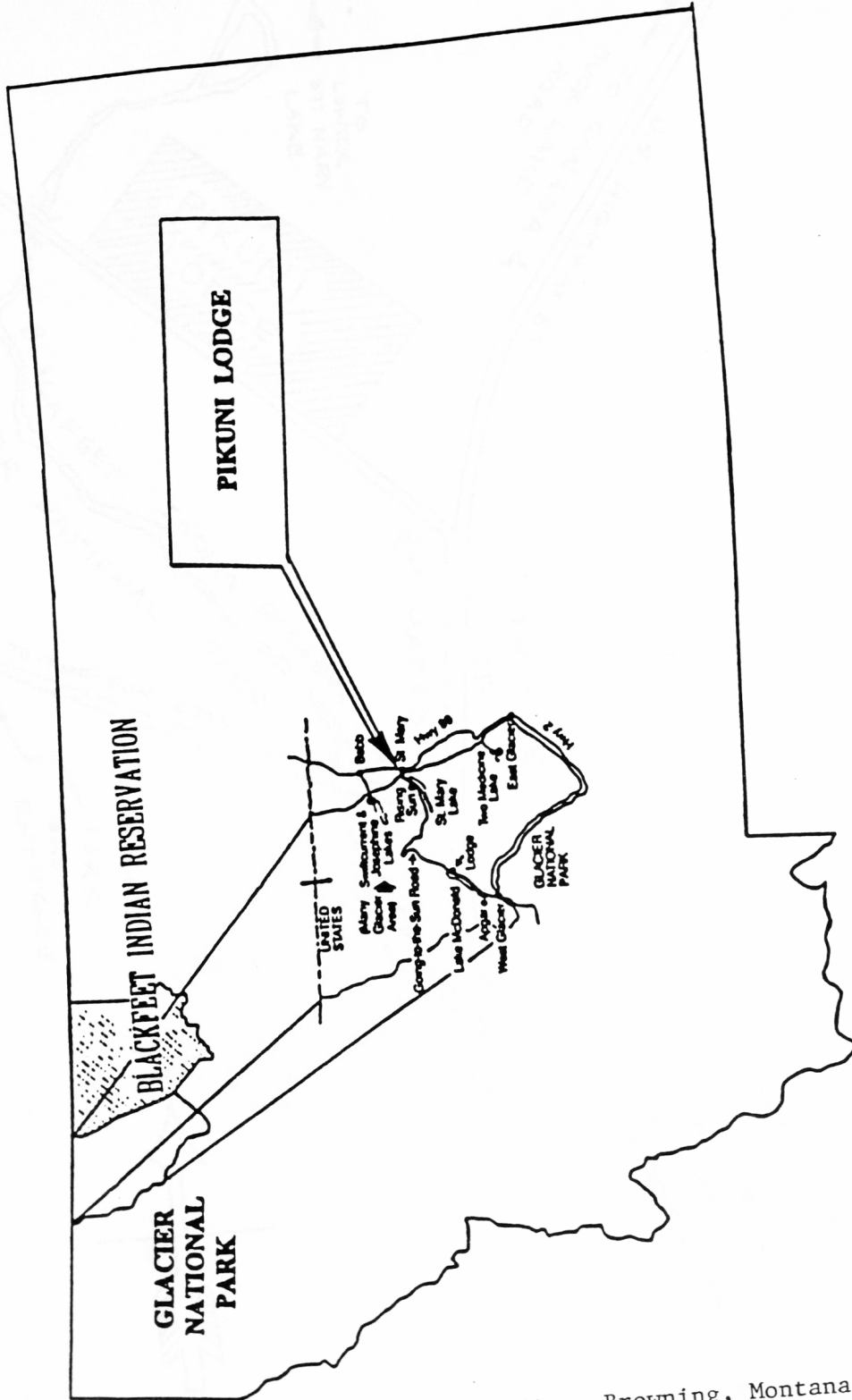
The Pikuni Lodge will be situated on the Blackfeet Indian Reservation which is located in Northcentral Montana. More specifically, the lodge will be located near the townsite of St. Mary, Montana, on the reservation. St. Mary is located at the East Entrance to Glacier National Park which is immediately adjacent to the Blackfeet Indian Reservation (See maps on pages 6 - 2. & 6 - 3.).

The Lodge's location is situated such that the visibility of the lodge from the East Entrance to the Park gives tourists and visitors entering and leaving the park an excellent view of the lodge. The proximity of the lodge to Glacier National Park and its East Entrance is very advantageous because it will draw the tourists and visitors to its services. The Park East Entrance roadway intersects U.S. Highway 89 which is a main thoroughfare for the park and reservation. *The Pikuni Lodge* will be located just off of U.S. Highway 89 which is the main route for entering Glacier National Park on the Eastside of the park. U.S. Highway 89 is also the main route for Canadian visitors entering the United States from the Province of Alberta, Canada (See map on page 6 - 4.). The highway is maintained year round and would provide accessibility to the lodge during all seasons of the year. U.S. Highway 89 winds along the shore of Lower St. Mary Lake and also intersects with the Bureau of Indian Affairs (BIA) highway called the Duck Lake Road. The Duck Lake Road is the main access route to Duck Lake. Both St. Mary Lake and Duck Lake provide excellent fishing. These two lakes as well as others on the reservation are rapidly gaining a reputation for trophy fishing in Montana and the nation.

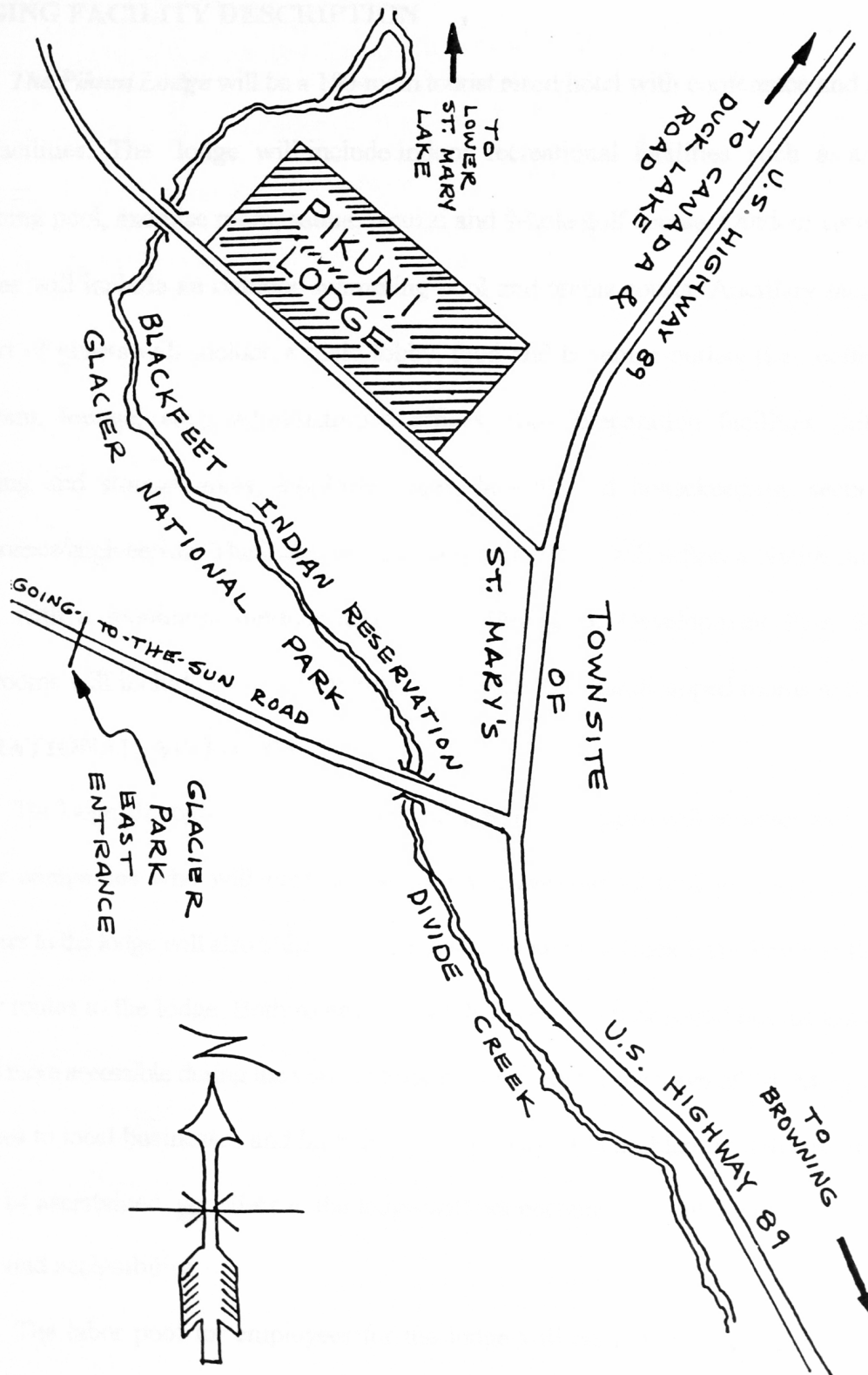
(Source: Blackfeet Natural Resource Office, Browning, Montana)



MONTANA



(Source: Blackfeet Natural Resource Office, Browning, Montana)



Source: Blackfeet Natural Resources Office, Browning, Montana

LODGING FACILITY DESCRIPTION

The Pikuni Lodge will be a 150-room tourist resort hotel with conference and meeting room facilities. The lodge will include indoor recreational facilities such as an indoor swimming pool, exercise room, sauna, jacuzzi and 9-hole golf course. Outdoor recreational facilities will include an outdoor swimming pool and tennis courts. Ancillary facilities in support of guests will include a main lobby, food and beverage outlets (i.e., coffee shop, restaurant, lounge, etc.), administrative offices, food preparation facilities (kitchens), receiving and storage areas, employee areas, laundry and housekeeping, security and maintenance/engineering. The lodge's exterior/interior design will reflect a Native American theme with a mountain/ outdoor accent (See Design & Development Plan Section). Guestrooms will include a mixture of king, double-double, handicapped rooms and suites.

OPERATIONAL METHODS

The lodge, through a contracted hotel management company, will contract with leading supply companies who will provide day-to-day necessities as well as major purchases. Suppliers to the lodge will also utilize U.S. Highway 89 and the Duck Lake Road as the main supply routes to the lodge. Both routes are readily accessible year round but the Duck Lake road is more accessible during the winter months. Suppliers for the town of St. Mary provide supplies to local businesses and have encountered very little problem in delivery of goods. It can be ascertained, suppliers to the lodge will not encounter any problems in delivery or year round accessibility.

The labor pool for employees for the lodge will come from the Blackfeet Indian Reservation and Glacier County. According to the Blackfeet Employment Rights Office

(BTERO) which tracks employment on the Blackfeet Indian Reservation, the unemployment rate on the reservation is 40-50 percent. The BTERO also keeps an updated list of business and individuals who would be qualified to work in the hotel/motel industry positions, for example, cooks, maintenance workers, construction workers, etc. These individuals are capable and able to provide adequate labor for the day-to-day operations of the lodge. The Blackfeet Community College also is training tribal members in the hospitality industry. The college provides classes to students wanting to enter the hospitality industry and would provide a well-qualified pool of labor for the lodge.

According to a report from the Montana Bureau of Business and Economic Research (1995), Glacier County has the highest unemployment rate in Montana. The unemployment rate is 12.2%. The Blackfeet Indian Reservation encompasses approximately 90% of Glacier County. Individuals who are unemployed in Glacier County who are non-Indian would provide another pool for lodge workers.

DAY-TO- DAY OPERATIONS

The Pikuni Lodge will operate 24-hour lodging services to customers on a year-round basis. Rooms will be filled on a reservation basis and depending upon cancelled reservations, the lodge will accept walk-in room requests. Services associated with direct guest service will operate on a 24-hour basis, such as facilities maintenance, front desk, guest service, etc. All other services will operate on a daily basis during predetermined hours of operation which will vary with the seasons.

The overall operation of the lodge will be conducted by a hotel management company which will contract with the Blackfeet Tribe in operating and managing the lodge (See Section 7 - Management Plan).

The lodge will provide the following operational services for and support of guests on a day-to-day basis:

1. Administrative Services including CEO/General Manager and support staff

- Front Office/Guest Room Services
- Sales and Marketing Services
- Accounting & Finance Services
- Yield Management
- Human Resource Services

2. Food & Beverage Services

- Room Service

3. Housekeeping & Laundry Services

4. Facilities & Grounds Maintenance/Engineering Services

5. Conference/Meeting Rooms/Other Facilities Services

6. Recreational Services

7. Security & Receiving Services

The day-to-day operations mentioned above will be provided by the employees of the lodge who will perform their duties according to their respective job descriptions. *The Pikuni Lodge's* labor force will consist of a CEO/General Manager, Assistant General

Manager, Department Supervisors & staff in administration, sales & marketing, front office/guest service, accounting & finance, human resources, food & beverage services, housekeeping & laundry services, facilities & ground maintenance, recreational services and security & receiving services. The CEO/General Manager and Assistant General Manager will oversee the entire day-to-day operations of the lodge. The CEO/General Manager and Assistant General Manager will be selected by the hotel management company, the Blackfeet Tribe and other investors. All supervisor positions and departmental employees will be selected from the available pool of employees on the Blackfeet Indian Reservation and Glacier County by the hotel management company in conjunction with the Blackfeet Employment Rights Office (BTERO) and the State Employment Office for Glacier County.

A typical day at *The Pikuni Lodge* consists of day-to-day communications for taking reservations, cleaning and maintaining the lodge, renting rooms and serving the customer's needs in room accommodations, transportation, recreation and room service. Other related day-to-day activities will include maintaining the entire lodging facilities including conference/meeting rooms, swimming pool, exercise room, etc. Equipment needs for the lodge include standard commercial equipment such as washing machines and dryers, vacuum cleaners, office equipment, ice and vending machines, maintenance equipment and tools, and kitchen equipment. There may be need of some elaborate equipment such as a jacuzzi, sauna and swimming pool purification systems but at a very minimal level.

7. Management Plan

The Pikuni Lodge will be managed by a hotel management company. The reason the Blackfeet Tribe will utilize this method of management is because the Tribe doesn't have the necessary hotel/motel experience and expertise in managing a 150-room resort hotel. Also, investors or potential investors are more likely to view the property as less of a risk if it is managed by a professional hotel management company. In some cases, the hotel management company may become part owner in the property and therefore has a greater incentive to provide quality service. As principal owner, the Blackfeet Tribe through a subsidiary corporation called Blackfeet Ventures under which *The Pikuni Lodge* will be placed, will enter into a joint venture agreement with the hotel management company. The agreement will be either a long term lease or management contract.

The lodge will also be affiliated with a franchise organization. A large number of hotels today are affiliated with both management companies and franchise organizations.

The selection of a hotel management company by the lodge and Tribe will be conducted through a consultant who is knowledgeable of hotel management and familiar with the hotel industry. The consultant will research sources for finding a suitable management company for the lodge. Two suggested sources for research are the American Hotel & Motel Association's (AH&MA's) annual *Directory of Hotel & Motel Systems* and the membership list of the AH&MA-affiliated International Council of Hotel-Motel Management Companies.

The Systems Directory lists companies, internationally, that operate three or more hotels, motels, or resorts. AH&MA's new address is 1201 New York Avenue, Washington D.C. 20005. The hotel consultant and the Blackfeet Tribe through research will find which

hotel management companies are best suited to manage and operate *The Pikuni Lodge*. Determination of which companies are best suited to operate the lodge will be those having the highest level in reaching the commercial market, convention market and the leisure market.

The Blackfeet Tribe will need to consider certain criteria in determining which company is the best suited to manage the lodge. The areas the Tribe will consider in determining a management company are (AHMA, 1995):

1. Property Standards and requirements of the management company such as size, layout, design and decor.
2. Total number of properties and rooms the company currently operates plus the following related information:
 - Geographical areas where the firm has a presence.
 - How the company is structured for regional supervision.
 - The overall size of the firm and its financial capacity.
 - How much financial assistance it is able to give the Tribe.
3. Expansion plans of the company.
4. The number of properties owned or partially owned by the company (to give an indication of their willingness to contribute to equity).
5. Marketing ability of the company with information on its national sales offices, staffing and its advertising budgets.
6. Operating statements for the hotels the company manages which emphasize revenue in relation to departmental and operating expenses and budgeted results versus actual result (forecasting ability).

7. Pre-opening services the company offers with technical services in such areas as food and beverage operations, personnel and labor relations, marketing and property tax representation.
8. Typical fee structure (including reserve for replacements and application fees); whether the company is willing to subordinate any or all fees to debt service and/or ground rent.
9. The management company's willingness to invest in initial working capital, inventories, furniture, fixtures and equipment.
10. If the company has a franchise division, how many rooms and properties are affiliated with the division, and how many are projected to be affiliated within the next three, five and 10 years.
11. If the company has a franchise division, what is the percentage of room nights at affiliated properties booked through the system.

Hotel Management Company Management Team Qualifications

The Blackfeet Tribe will determine a hotel management company's management team to be qualified based upon the following criteria:

Top Executive positions (CEO/General Manager & Assistant General Manager) will as a minimum possess the following qualifications:

- * 10 -15 years of experience in all aspects of hotel management
- * At least a Bachelor's Degree in business, accounting or equivalent field, a Master of Business Administration (MBA) preferred
- * Experience working with minority hotel/motel businesses is desirable
- * Knowledgeable of Yield Management

Department Managers and Supervisors will as a minimum possess the following qualifications:

- * 5 - 10 years of experience in their respective areas of expertise (i.e., marketing, sales, etc.)
- * At least a Bachelor's Degree with an emphasis in their respective area of expertise (i.e., human resources, marketing, etc.).
- * Knowledgeable of every aspect of their given area of expertise

The Tribe should then evaluate the management companies on the abovementioned areas and perform a market analysis which will determine which management companies would generate (1) the highest market share and (2) the greatest revenues for the lodge (AHMA, 1995). After completing the market analysis and preliminary evaluation, the Tribe can then conduct a formal evaluation utilizing a questionnaire. After evaluating the questionnaires from prospective management companies, the Tribe will select a company and enter into formal contract negotiations.

In pursuing a franchise affiliation, the Blackfeet Tribe will again utilize a hotel consultant to select a franchise that will attract the non-resident and resident visitor/traveler/vacationer and business segment to the lodge. The hotel consultant will help the Tribe to identify critical issues such as which companies have franchise products that would benefit the lodge in upscale, mid-priced, and budget level of the marketplace; which franchises are best recognizable to the public in terms of identity that is fairly new or is a well established franchise name; request proof of the marketing and financial stability of the company; research the franchise's track record in relation to selling image, national problems such as the energy crisis, ability to deliver promised benefit, company property

priorities, restaurant facility arrangements and strategic plan for system growth. The hotel consultant will also be able to determine the cost/benefit relationship in comparing prices of various franchises. Generally the older the company, and the more upscale the hotel customer, the higher the franchise fee. But this will vary with the range of services offered. In any case, the Tribe should be convinced that these services will increase the bottom line beyond the cost of the franchise. A typical franchise fee structure falls within these bounds (AHMA, 1995):

Initial Licensing: \$250 to \$300 per room, with a 100-room minimum.

Royalty: 1 to 5.75 percent of annual gross.

Advertising: 1 to 3.5 percent of annual gross.

Reservations: \$1 to \$3.75 for each reservation, plus equipment charges.

Also, a fee for **logo items** such as signage, other in-room materials, and public area identifiers would typically be included.

The lodge would enter into a franchise agreement with the selected franchise organization upon successful negotiations. In determining the contractual agreement between the Tribe and the franchise organization, the Tribe should consider agreement terms such as length of the agreement, transfer of ownership, contract renewal procedures, fee increases, legal content of the contract and contract entitlement to the Tribe to prevent other properties on the reservation or immediate vicinity from affiliating with the franchise (territorial rights).

The Pikuni Lodge's management objectives for the lodge which are the responsibility of management are to:

1. Develop marketing programs that will increase room sales, particularly in periods of low occupancy.
2. Create favorable market awareness in the minds of the public by providing friendly service, personal attention, and clean, quality accommodations at a reasonable price.
3. Be aware of economic, business, and social changes that affect the hotel/motel industry travel patterns and profits.

FUNCTIONS OF KEY PERSONNEL

Administrative Positions: There will be two administrative positions, the CEO/General Manager and Assistant General Manager. Other managers, directors, supervisors will consist of a top person in each department to oversee the daily operations in their specific departments, i.e., housekeeping, front desk, maintenance, etc.

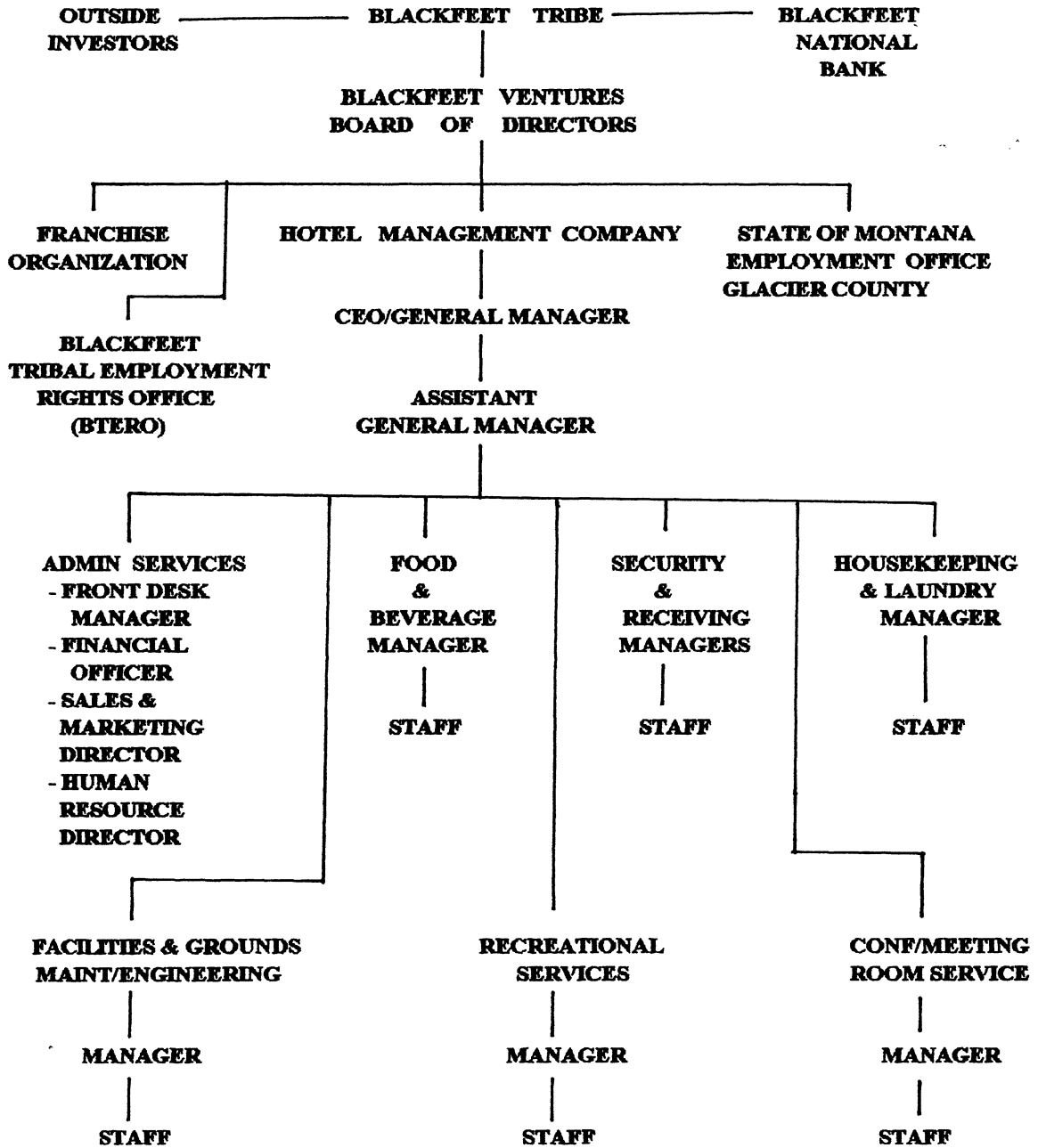
All administrative officers and managers from each department will conduct weekly (or as needed) meetings. Each department will have its own meeting conducted by the manager of the department, then each week all department and administrative heads will meet to discuss what is happening in each department. Everyone will listen to other's suggestions and have an influence on the final decisions.

Staff employees: the job descriptions and duties of staff employees will be broken up according to departments. The lodge will have 27-33 employees, depending upon the season.

The lodge's management team will be governed by all respective local, state and federal rules and regulations governing employment, i.e., equal opportunity, affirmative action, etc. The employees will be subject to any and all rules and regulations required by the hotel management company and the Blackfeet Tribe's Personnel Policies and Procedures Manual.

MANAGEMENT TEAM

**PIKUNI LODGE
MANAGEMENT ORGANIZATIONAL
STRUCTURE**



8. Overall Schedule

The following chart presents the major events for the pre-construction planning and development of the *Pikuni Lodge* for Year 1 of the project.

YEAR 1: PRE-CONSTRUCTION PLANNING & DEVELOPMENT

SCHEDULE OF MAJOR EVENTS

Description of Major Event	Time Frame of Major Event
1. Blackfeet Tribe's Articles of Incorporation as a business entity.	Completed
2. Blackfeet Tribe's development and approval of the Articles of Incorporation for the Blackfeet Ventures Corp.	3 Months
3. Approval by Tribal Council to develop <i>The Pikuni Lodge</i> project.	Completed
3. Identify project site location and legal description from the Blackfeet Tribal Land Office.	Completed
2. Obtain approval of preliminary project site location from the Blackfeet Tribal Business Council.	Completed
3. Finalize approval of hotel site utilities connections from local utility companies, preliminary approval has already been obtained.	2 Months
4. Finalize approval of project construction by an Environmental Impact Statement from the Tribe's Environmental Office. Preliminary approval has already been given to construct on the project site.	3 Months
5. Finalize Development of architectural drawings and specifications.	6 Months
6. Begin process of securing project funding from investors.	12 Months

The following chart presents the major events for pre-construction planning/development, and operation and management development of the *Pikuni Lodge* for Year 2 of the project.

YEAR 2: PRE-CONSTRUCTION PLANNING & DEVELOPMENT OF OPERATION AND MANAGEMENT STRUCTURE

SCHEDULE OF MAJOR EVENTS

Description of Major Event	Time Frame of Major Event
1. Finalize approval of project site location from the Blackfeet Tribal Business Council.	1 Month
2. Finalize all architectural drawings and specifications.	2 Months
3. Secure financing of project from investors.	6 Months
4. Begin soliciting of a franchise organization.	6 Months
5. Begin soliciting of a hotel management company.	6 Months
4. Draft and Finalize all documents for construction bid requests.	3 Months
5. Solicit construction bid requests.	3 Months
6. Notification of successful bidder and awarding of construction contract.	1 Month
7. Pre-construction meeting.	1 Month

The following chart presents the major events for construction and management of the *Pikuni Lodge* for Year 3 of the project.

YEAR 3: CONSTRUCTION AND MANAGEMENT

SCHEDULE OF MAJOR EVENTS

Description of Major Event	Time Frame of Major Event
1. Construction of project.	12 Months
2. Finalize negotiations with selected franchise organization.	6 Months
3. Finalize negotiations with selected hotel management company.	6 Months
4. Begin advertising campaign for lodge.	6 Months
5. Implement Sales & Marketing Strategy.	3 Months

The following chart presents the major events for construction, operation and management of the *Pikuni Lodge* for Year 4 of the project.

YEAR 4: OPERATION & MANAGEMENT

SCHEDULE OF MAJOR EVENTS

Description of Major Event	Time Frame of Major Event
1. Construction of project completed & accepted by owners.	1 Month
2. Operation of lodge begins under contract with a hotel management company.	On-going
3. Sales and marketing strategy.	On-going
4. Strategic Long-Term Planning & Goals.	On-going

SUMMARY OF PROJECT OVERALL SCHEDULE

The overall schedule of the project will take approximately four (4) years. The schedule was presented in a year to year number format because the actual start of the project may not coincide with the months of a normal calendar year. That is, for example, the project could start in Year 1 beginning in June and go to May of the next year. In which case, the time frame for each year of the project would be from June to May. Actual dates will be assigned to each major event's start and finish of its duration time. Several different major events of the project will be transpiring simultaneously. For example, the soliciting of a franchise organization and a hotel management company could be performed at the same time.

The creation of the subsidiary corporation called Blackfeet Ventures will require the development of the corporate charter by the Blackfeet Tribe's Legal Department with final approval by the Blackfeet Tribal Business Council. Blackfeet Ventures will be a stand alone corporation with a Board of Directors which will oversee all Blackfeet tribal revenue generating businesses including *The Pikuni Lodge*. The creation of a subsidiary corporation is important because it will help to insulate the lodge from political and external factors that may affect the overall success, productivity and profitability of the lodge.

The Blackfeet Tribe will be the principal owner of the lodge with investments from other investors (See Financial Plan Section). The Blackfeet Tribe as the principal owner is very important because it has certain benefits as an "Indian-owned" enterprise. For example, the "Indian-owned" status allows the business to qualify for certain forms of financing and preference in certain purchases.

Provided that the appropriate funding is secured, the lodge, through Blackfeet Ventures and the Tribe, will complete the appropriate forms in order to obtain a franchise and complete all other requirements. The cost of this process is a one-time initial licensing fee of \$250-\$350 per room, a royalty fee of 1 to 5.75 percent of annual gross, an advertising fee of 1 to 3.5 percent of annual gross and a reservation fee of \$1 to \$ 3.75 for each reservation, plus equipment charges. The term of the franchise agreement will be for a negotiated number of years.

The Blackfeet Tribe plans to keep the hotel at 150 rooms. The size of the lounge, restaurant, conference/meeting rooms, etc. will be kept the same for at least 5 to 10 years after the opening. The only restructuring of the hotel will be remodeling on a frequent basis of every 7 to 9 years. The reason the hotel will not be expanded is that the Tribe is planning on the lodge as a first of many properties. The Tribe will be in the hotel business as an investment opportunity and the lodge will be a starting block. The long-term goal of the Tribe is to expand into new hotel ventures on the reservation. The specific goals of the lodge are:

1. To raise room rates from startup rates by an acceptable percentage within two years, not including the estimated increase due to inflation each year.
2. To have a good and reliable staff to give the guests excellent services. To have enough employees to fulfill the guests' needs in a timely and efficient manner.
3. To refurbish the hotel periodically to keep up with the changing trends in the industry.
4. To offer new services and new technology to the guests and the employees.
5. To increase the occupancy rate over the industry competition and industry growth rate each year.
6. To increase overall sales in all departments (rooms, lounge, meeting rooms) by an acceptable percentage per year.
7. To offer a complete benefits package to existing employees: a raise based upon the industry average and a percentage to keep up with inflation.

The Blackfeet Tribe is confident it will fulfill these long-term goals through the assistance of a reputable hotel management company and a well known franchise organization.

9. Critical Risks & Problems

Critical risks and problems *The Pikuni Lodge* may encounter in implementing its hotel business may be in the areas of the economy, tourism market and project financing.

The hotel/motel industry is affected by fluctuations in the economy. The relationship between the hotel/motel industry and the economy are directly proportional. That is, when the economy is growing or there is anticipated growth, the industry will have an up-swing in growth. On the other hand, when the economy has a down-turn, the industry also has a down-turn in sales which reduce revenues. As the economy becomes unstable, consumers tend to hang on to their money and are less apt to spend it. If the economy becomes too unstable, it can go into a recession which has happened in recent times. During these recessionary periods, the hotel/motel industry has suffered along with other industries. During the recessions, the hotel businesses are in jeopardy of losing there ability to generate adequate cash flows.

The causes of the economic difficulties which the hotel industry faced from the late 1980s to the early 1990s were due to several factors. Hotel executives cannot be totally blamed for continuing to expand in the 1980s because demand increased sharply in those years. In the late 1980s, hotel investments declined due to the savings and loan crisis. In the early 1990s, demand for hotel accommodations decreased because of the Persian Gulf War. Hotel executives should realize that aside from the circumstances, the hotel industry, like other industries, are adversely affected by boom-and-bust cycles. The recession of the early 1990s bottomed out the hotel industry, and only in the last year or so have signs of a healthy recovery appeared.

The hotel industry will need to be very conscious of the state of the economy and make

the necessary adjustments to keep pace with it. The industry can do so by being aware of changes during a recession. In the economy, the industry can react with positive results when and if the economy should go into a major recession. The entire industry will need to respond. Costs can be lowered, room rates decreased, and special marketing strategies can be implemented in order to attract customers.

The tourism industry is directly affected by economic conditions also. When the economy is healthy, more people are working and thus can afford to go on vacations. Inversely, if the economy is in recession, people may be out of work and therefore unable to afford to take a vacation. However, there are other factors that dictate the flow of non-resident travelers/tourists into Montana. Several of these factors are environmental and social. For example, the extremely wet weather in 1995 kept tourists from visiting Glacier National Park and coming to Montana. The danger of forest fires and natural disasters need to be considered. While there is no way to predict the occurrence of climatic and environmental problems, they must always be considered a possible risk. Also, in 1995, the rumors that circulated throughout the nation saying that Glacier National Park was closed because of bad roads didn't help to bring tourists to the state. This type of risk can be minimized by a marketing strategy that will keep potential tourists to Montana updated on the latest conditions in Montana and its tourist attractions such as Glacier National Park. The social aspect affecting tourism is primarily associated with the residents of Montana. Montanans are known for their friendly and hospitable acceptance of non-resident visitors to Montana. The increase in tourists to Montana may reverse this attitude. Conditions that could contribute to this change in attitude are traffic congestion, crowded recreational areas, low paying jobs, and a need for equity in

paying for services. Other contributing factors could include increased costs for police and fire protection, increased demand on municipal waste systems, and higher demands on local medical services. Although these may be risk factors, an investigation by the Institute for Tourism and Recreation Research (Research Note 15 - June, 1992) indicated that Montanans for the most part are favorably disposed toward the growth and prosperity of tourism in Montana. In summary, Montanans generally feel good about having tourism as a component of the state's economic base. Although some Montanans do have concern about the negative consequences of tourism development, these concerns do not appear to be critical at this time, and could be effectively dealt with through appropriate planning. To combat these risks, a conservative cash management policy will be adopted to withstand these unpredictable, yet unescapable events (Montana Entrepreneur's Guide, 1995).

Financing is a risk factor for the lodge. The lodge will need to borrow money to finance the construction, operation and management of the facility. Financing brings with it an inherent risk. That risk being that financing requires borrowing money from a lender which needs to be paid back. The default on a loan payment has devastating affects on a business. In the hotel/motel industry, the risk of occupancy rates not being as high as projected can create the possibility that cash flows may not be sufficient to sustain the debt payments. In order to minimize the risk of debt service, financial planning is needed. Performing cash management and doing cash flow projections will help the lodge to identify cash shortages and take the necessary steps to cover these financial shortfalls. The lodge has the unique advantage of reduced risk in debt service in that it owns its own bank. The financing of the lodge will be obtained with assistance from the bank which will help to create a strong relationship between

the bank and lodge. This advantage will definitely help if stressed financial situations should arise with the lodge. Even so, the Tribe and the lodge will need to adhere to a strict cash management policy. The Tribe will also need to implement this type of cash management policy in regards to outside investors who will participate in the financing of the lodge.

There exists a political/environmental risk to the lodge in the form of federal legislation regarding environmental laws, rules and regulations. The growing concern for protection of the environment places the lodge at risk. Federal legislation involving environmental laws which the lodge will be required to comply with will have and affect on it. Complying with any future laws would require modification of the facility's systems. This will cost money to do which in turn reduces revenues. This risk could be reduced by maintaining a cash reserve to meet such changes. Also, the lodge could take the initiative in incorporating and developing a sound internal environmental policy.

The political risk the lodge faces is in the form of legislation directly affecting the financial situation of the facility. Tax laws can be amended or new ones created that could have an adverse affect on the financial position of the lodge such as the changes to the Tax Act of 1986. This risk can be reduced and prepared for accordingly because tax legislation is usually passed well ahead of time to allow businesses to adjust. In any event, the lodge can reduce this risk further by utilizing a cash management system that will take into account these unforeseen risks and problems.

10. The Financial Plan

The financial position of *The Pikuni Lodge* is one which presents it to be a profitable venture. The lodge's projected financial statements indicate it will have a profit after all expense obligations are covered. Revenues generated from room sales will maintain a positive cash flow for the lodge. Although the lodge will have a profit, it will be marginal because of the depreciation of buildings and equipment. The marginal profit is consistent with the lodging industry because it is an equipment intensive industry.

FINANCING

The financing of *The Pikuni Lodge* will involve the Blackfeet Tribe and a hotel management company. The Blackfeet Tribe will own ninety percent (90%) of the lodge and the hotel management company will own ten percent (10%).

The total project cost is \$11,280,138. The Blackfeet Tribe's share of the financing will amount to ten million one hundred fifty two thousand one hundred twenty four dollars (\$10,152,124). The hotel management share of financing will amount to one million one hundred twenty eight thousand thirteen dollars (\$1,128,013).

The Blackfeet Tribe and the hotel management company will provide equity in the project (Blackfeet Tribe (75%) + hotel management company (25%) = 100%). The Tribe's 75% equity will amount to three million three hundred fifty one thousand two hundred fifty one dollars (\$3,351,251). The Tribe's equity will consist of three financial sources. These three sources are (1) land, (2) other tribal revenues and (3) a letter of credit.

The following table presents the Tribe's equity in the project:

**PIKUNI LODGE
BLACKFEET TRIBE
PROJECT EQUITY**

SOURCE OF EQUITY	AMOUNT OF EQUITY	PERCENT (%)
Land	\$ 993,648	30%
Revenues	\$ 857,603	26%
Letter of Credit	\$ 1,500,000	44%
Total	\$ 3,351,251	100%

Revenues will consist of economic development grants and other tribal revenue sources. **Letter of Credit** will be secured from the Tribe's bank, the Blackfeet National Bank.

The hotel management company's equity share will amount to one million one hundred twenty eight thousand thirteen dollars (\$1,128,013). The total equity in the project by the owners is four million four hundred seventy nine thousand two hundred sixty four dollars (\$4,479,264). The following table presents the financial information for owners equity in the project:

**PIKUNI LODGE
OWNERS EQUITY**

NAME OF OWNER	EQUITY AMOUNT	PERCENT (%)
Blackfeet Tribe	\$ 3,351,251	75%
Hotel Management Company	\$ 1,128,013	25%
Total	\$ 4,479,264	100%

The total project cost of \$11,280,138 less the equity amount (\$4,479,264) leaves a remaining balance of \$ 6,800,874 which the Blackfeet Tribe will need to finance with a hotel

investment company. The remaining balance of the project cost that needs to be financed (\$6,800,874) is sixty percent (60%) of the total project cost. This loan-to-value ratio of sixty percent (60%) is within the range (50-75%) of the loan-to-value ratio observed by hotel investment companies when they consider financing of hotel properties (Cornell Hotel & Restaurant Administration Quarterly, 1995).

The Blackfeet Tribe will finance the \$ 6,800,874 with a hotel investment company at an interest rate of ten percent (10%) for a term of 25 years (See Financial Exhibits).

BREAKEVEN ANALYSIS

The breakeven analysis for the lodge is on a per month basis. The monthly breakeven point for the project is \$215,414. The breakeven point consists of fixed and variable costs. The fixed costs amount to \$161,991 per month and the variable costs amount to 24.8% of revenues per month. The breakeven analysis is presented in the financial exhibits and lists the monthly fixed and variable cost percentages for the lodge.

CASH FLOW ANALYSIS

The cash flows for Year 1 puts the lodge in a strong cash flow position because of the start-up capital (cash on hand) at the beginning of year 1. Although the cash on hand may seem like an unusually high amount, it is needed to meet any possible last minute purchases the project may incur due to price changes in the country's economy. The uncertainty of costs affecting the lodge's operations (i.e., wage increases, tax increases, etc.) due to postponed federal legislation in balancing the federal budget would reduce the start-up capital quickly. The cash position at the beginning of Year 1 is \$200,000. The cash position of the lodge stays positive throughout the year. The lodge has sufficient cash to meet its expenses and loan

obligations. As sales revenues increase, the cash flows also grow. The year-end cash balance for Year 1 is \$721,741. The change in growth patterns is due to seasonal sales.

INCOME STATEMENT

The income statement shows the difference between revenues and expenses. The lodge's income statements show a moderate profit throughout the three year analysis. Trends in sales are related to the occupancy rates of the lodge on a monthly basis. The sales generated from room occupancy was derived from information obtained from Smith Travel Research, Travel Montana and KwaTaqNuk Resort Hotel. Smith Travel Research provided the occupancy rate percentages for the hotel/motel industry in Montana. The occupancy rate percentage varied from a low of 38.8% in December to a high of 89.1% in July. These occupancy rates are consistent with the variation in tourist travel to Montana as well as Glacier National Park. Travel Montana and KwaTaqNuk helped to provide information regarding the average room rates. As with room occupancy, the room rates varied with the seasonality of the industry. Higher room rates are charged during peak tourists months to increase revenues and lower rates are charged during the off tourist season to help maximize revenues from reduced sales due to a reduction in tourists/travelers to Montana. Total monthly room sales was calculated by multiplying the monthly occupancy rate (number of rooms occupied per month) times the average monthly room rate (Amount of U.S. dollars paid per room per day).

The following table presents the sales to occupancy rates information:

**PIKUNI LODGE
SALES & OCCUPANCY RATE
INFORMATION**

Month of the year	Monthly Occupancy Rate (%) 5-Yr Avg.	Maximum Rooms Available for Occupancy	Monthly Occupancy Rate (rooms)	Average Monthly Room Rate	Total Monthly Room Sales
January	41.2%	4,650	1,915	\$ 72	\$ 137,880
February	50.7%	4,200	2,129	\$ 72	\$ 153,288
March	54.6%	4,650	2,539	\$ 72	\$ 182,808
April	55.8%	4,500	2,511	\$ 72	\$ 180,792
May	61.7%	4,650	2,869	\$ 85	\$ 243,865
June	78.0%	4,500	3,510	\$ 105	\$ 368,550
July	89.1%	4,650	4,143	\$ 105	\$ 435,015
August	88.7%	4,650	4,125	\$ 105	\$ 433,125
September	75.6%	4,500	3,402	\$ 85	\$ 289,170
October	59.0%	4,650	2,744	\$ 85	\$ 233,240
November	44.7%	4,500	2,012	\$ 73	\$ 146,876
December	38.8%	4,650	1,804	\$ 73	\$ 131,692
TOTAL		54,750	33,703		\$2,936,301

Sources: Smith Travel Research, 1996.

Travel Montana, 1995.

KwaTaqNuk, 1995.

The revenue in Year 1 is \$ 2,936,301, Year 2 is \$ 3,039,072 and Year 3 is \$ 3,151,517. The profit level for Year 1 is \$169,089, Year 2 is \$ 209,514 and Year 3 is \$ 248,602. The expected profit margin is 5.7% (Almanac of Business & Industrial Financial Ratios, Troy, 1995). Gross margins are directly affected by the occupancy rates as presented in the preceding table. The expenses shown in the income statements vary in proportion to the sales revenues for each year. The income statements project the gross margin will remain positive at present sales levels. However, in the first quarter and last quarter of each of the first three years, a net loss is realized due to seasonal sales fluctuations. Return on Assets is 1-2% as compared to the industry average of 3.0% (Almanac of Business & Industrial Financial Ratios, Troy, 1995). The Return on Equity is 1-2%. There is no industry average for a hotel with assets in \$5,001,000 to \$10,000,000 according to the Almanac of Business & Industrial Financial Ratios, 1995. The Return on Equity will increase as debt is paid off.

BALANCE SHEET

The balance sheet shows the financial position of the company and serves the purpose of also showing the net worth of the company. The lodge's balance sheet shows a steady increase in cash, current assets, and owners equity. Total assets grow because of the increase in cash and accounts receivable which is greater than the decrease due to depreciation of fixed assets. The current ratio is negligible because the company doesn't have any current liabilities at start-up due to start-up capital and covering all current liabilities before start of operation of the lodge. The industry average for current ratio is 0.9X (Troy, 1995). Although widely regarded as a measure of short-term debt-paying ability, the current ratio must be interpreted with a great deal of care. Some industries can operate on a current ratio of slightly over

1 to 1. The adequacy of a current ratio depends heavily on the composition of the assets involved. The quick ratio is also known as the "Acid Test Ratio". It is often used to estimate the company's general liquidity. The traditional ratio of 1 to 1 has been considered a reasonable standard, but it is jeopardized by the prospect that accounts and notes receivable cannot be converted into cash at face value and at short notice. It is more reasonable to evaluate the ratio from industry experience, such as provided for by each asset size as presented in the Almanac of Business & Industrial Financial Ratios, Troy, 1995. The industry average is .7 (Troy, 1995). The project's quick ratio is negligible because again, the company doesn't have any current liabilities. In short, as with the current ratio, to be used intelligently the acid-test ratio must be interpreted with one eye on its basic components.

11. Proposed Company Offering

The proposed company offering for the project will be a private offering. The Blackfeet Tribe will solicit investment capital from hotel investment firms or financial institutions which deal specifically with hotel/motel development. The Blackfeet Tribe will not make any public offering for investment in the lodge. The Blackfeet Tribe will use the lodge as collateral in securing investment capital from perspective investors.

The Blackfeet Tribe and a hotel management company will provide one hundred percent (100%) capital investment in the project. The Blackfeet Tribe will provide 75% and a hotel management company will provide 25%. The Tribe's 75% capital investment amount is \$3,351,251 consisting of three sources which are (1) land, (2) other tribal revenues and (3) a letter of credit. The hotel management company's 25% capital investment is \$1,128,013. The total owners' capital investment is \$4,479,264. The total project cost of \$11,280,138 minus the owners' capital investment amount of \$4,479,264 leaves a remaining balance of \$6,800,874. The Blackfeet Tribe will finance the \$6,800,874 with a hotel investment company or lending institution at an interest rate of ten percent (10%) for a term of 25 years.

The Pikuni Lodge will be owned by the Blackfeet Tribe and a hotel management company. The Blackfeet Tribe will retain majority ownership of the lodge. The Blackfeet Tribe's majority ownership will prove invaluable to the project because the Tribe as a minority-owned company will qualify for certain federal incentives and benefits which will be advantageous to the financing of the lodge. For example, being an Indian-owned firm qualifies the Tribe in being given preference or priority in securing federal and state economic

grant funds as well as other financial funds and resources. As the Tribe gains expertise in hotel management and improves its financial position, it will eventually buy out the hotel management company's interest in the lodge and retain sole ownership.

INPUT SHEET

Cash/Credit Sales

Cash	Credit
0.00%	100.00%

Collections Schedule

Net 30	Net 60	Net 90	Uncollect
100.00%	0.00%	0.00%	0.00%

Tax Rates

Federal	30.00%
State	6.00%

Payables Schedule (Materials)

Cash	Net 30	Net 60	Net 90
100.00%	0.00%	0.00%	0.00%

Balance Sheet at Startup

ASSETS		LIABILITIES	
S-Term Assets	Value	S-Term Liabilities	Value
Cash	200,000	Accounts Payable	
Accounts receivable	0		
Inventory	85,500		
Other S-T Assets			
Total S-T Assets	\$285,500	Total S-T Liabilities	\$0
Fixed Assets & Depreciation Schedule		L-Term Liabilities	
These figures from Assets Dep Sheet		These figures from Loans Sheet	
Land	1,216,958	Loan 1 Amount	6,800,874
Building	7,104,320	Loan 2 Amount	0
Acc Dep	0	Loan 3 Amount	0
Equipment A	602,000	Total L-T Liabilities	6,800,874
Acc Dep	0	Total Liabilities	6,800,874
Equipment B	528,000		
Acc Dep	0		
Equipment C	0		
Acc Dep	0		
Furniture & Fixtures	1,543,360		
Acc Dep	0		
Other L-T assets	0		
Acc Dep	0		
Total L-T Assets	\$10,984,638		
Total Assets	\$11,280,138		
		EQUITY	
			Value
		Common Stock	
		Prem on Com Stock	
		Retained Earnings	
		Owner's Equity	4,479,264
		Total Equity	\$4,479,264
		Total Liab + Equity	\$11,280,138

1st Year Sales

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
137880	153288	182808	180792	243865	368550	435015	433125	289170	233240	146876	131692

% Increase (Decrease) in Sales in Years 2 & 3

Enter as decimal increase from previous year.
 For example, if Year 1 sales are 100,000, Year 2 are 150,000, and Year 3 are 200,000:
 Enter .5 under Year 2, and .33 under Year 3

Year 2	Year 3
3.50%	3.70%

% Increase (Decrease) in Fixed Expenses in Years 2 & 3

Enter as decimal increase from previous year.

Year 2	Year 3
3.00%	3.00%

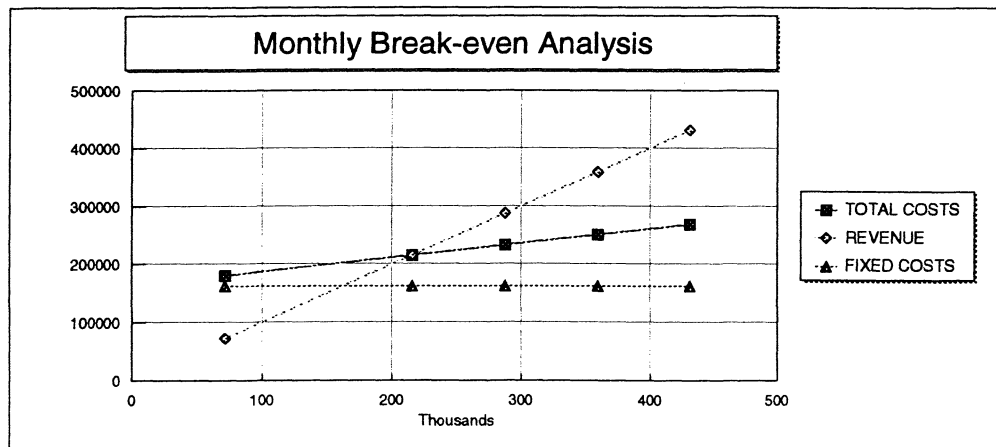
Inventory Increase (Decrease)

Enter as decimal increase from previous year.

Starting	Year 1	Year 2	Year 3
\$85,500	3.00%	3.00%	3.00%

BREAK-EVEN ANALYSIS

Costs	Fixed Amount	Variable %
Accounting and Legal	1,000	0.00%
Advertising	0	0.50%
Car, Delivery, Travel	500	0.50%
Depreciation	45,959	
Direct Labor		0.00%
Insurance	800	0
Interest	56,432	
Materials		0.00%
Misc. Expenses	0	0.50%
Payroll	48,000	10.00%
Payroll Expenses	0	4.00%
Property Taxes - Pers PRP	1,000	0.00%
Property Taxes - Real Estate	2,000	0.00%
Rent/Lease	0	0.30%
Repairs & Maintenance	0	1.50%
Sales Returns		0.00%
Royalty	0	4.00%
Telephone	1,000	0.00%
Uncollectibles		0.00%
Utilities	2,500	0.00%
National Media Ads	0	0.50%
Cleaning Supplies	0	0.50%
Guest Room Supplies	0	0.50%
Linen/Laundry Supplies	0	0.50%
Other Supplies	0	0.50%
Travel & Entertainment	1,000	0
Cable	700	0
Advertising Promo	1,100	0
Credit Card Expense	0	1.00%
TOTALS	\$161,991	24.80%
BREAK-EVEN POINT =	\$215,414	



GRAPH INFORMATION

REVENUE	\$0.00	\$71,805	\$215,414	\$287,219	\$359,024	\$430,828
FIXED COSTS	\$161,991.44	\$161,991	\$161,991	\$161,991	\$161,991	\$161,991
VARIABLE COSTS	\$0.00	\$17,808	\$53,423	\$71,230	\$89,038	\$106,845
TOTAL COSTS	\$161,991.44	\$179,799	\$215,414	\$233,222	\$251,029	\$268,837

INCOME STATEMENT PROJECTIONS, YEAR 1

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
REVENUES	137,880	153,288	182,808	180,792	243,888	368,650	438,015	433,125	288,170	233,240	146,878	131,662	2,936,301
Less Uncollectibles	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Returns	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	137,880	153,288	182,808	180,792	243,888	368,650	438,015	433,125	288,170	233,240	146,878	131,662	2,936,301
COST OF SALES													0
Materials	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct Labor	0	0	0	0	0	0	0	0	0	0	0	0	0
Total COB	0	0	0	0	0	0	0	0	0	0	0	0	0
GROSS PROFIT	137,880	153,288	182,808	180,792	243,888	368,650	438,015	433,125	288,170	233,240	146,878	131,662	2,936,301
EXPENSES													
Accounting and Legal	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Advertising	688	788	914	904	1,219	1,843	2,175	2,188	1,448	1,188	734	658	14,882
Car, Delivery, Travel	1,188	1,288	1,414	1,404	1,718	2,343	2,675	2,688	1,848	1,688	1,234	1,158	20,882
Depreciation	45,958	45,958	45,958	45,958	45,958	45,958	45,958	45,958	45,958	45,958	45,958	45,958	551,509
Insurance	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Interest	58,874	58,831	58,588	58,545	58,501	58,457	58,412	58,367	58,322	58,278	58,234	58,189	677,189
Misc. Expenses	688	788	914	904	1,219	1,843	2,175	2,188	1,448	1,188	734	658	14,882
Payroll	61,798	63,328	66,281	66,079	72,887	84,855	91,302	91,213	78,917	71,304	62,688	61,188	868,630
Payroll Expenses	5,215	6,132	7,212	7,232	8,753	14,742	17,401	17,325	11,567	9,330	5,875	5,268	117,462
Property Taxes - Pers PPP	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Property Taxes - Real Estate	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Rent/Lease	414	480	548	542	732	1,106	1,305	1,298	868	700	441	385	9,808
Repairs & Maintenance	2,068	2,298	2,742	2,712	3,855	5,528	6,525	6,487	4,388	3,488	2,203	1,975	44,045
Royalty	5,215	6,132	7,212	7,232	8,753	14,742	17,401	17,325	11,567	9,330	5,875	5,268	117,462
Telephone	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Utilities	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
National Media Ads	688	788	914	904	1,219	1,843	2,175	2,188	1,448	1,188	734	658	14,882
Cleaning Supplies	688	788	914	904	1,219	1,843	2,175	2,188	1,448	1,188	734	658	14,882
Guest Room Supplies	688	788	914	904	1,219	1,843	2,175	2,188	1,448	1,188	734	658	14,882
Linens/Laundry Supplies	688	788	914	904	1,219	1,843	2,175	2,188	1,448	1,188	734	658	14,882
Other Supplies	688	788	914	904	1,219	1,843	2,175	2,188	1,448	1,188	734	658	14,882
Travel & Entertainment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Cable	700	700	700	700	700	700	700	700	700	700	700	700	8,400
Advertising Promo	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200
Credit Card Expense	1,378	1,583	1,828	1,808	2,434	3,688	4,350	4,331	2,892	2,332	1,488	1,317	29,383
	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	196,427	200,204	207,484	208,940	222,529	283,418	289,885	289,341	233,868	219,879	188,518	184,403	2,673,100
NET PROFIT	(58,547)	(46,916)	(24,676)	(28,148)	21,359	115,132	148,130	143,784	54,302	13,361	(41,640)	(52,741)	263,201
INCOME TAXES	(21,077)	(19,490)	(8,882)	(8,373)	7,873	41,443	59,463	56,862	20,007	4,882	(18,482)	(22,876)	95,112
NET PROFIT AFTER TAX	(79,624)	(66,406)	(33,558)	(36,521)	13,486	73,689	88,667	86,922	34,295	8,479	(60,122)	(75,617)	168,089

INCOME STATEMENT PROJECTIONS, YEARS 2 & 3

	YEAR 2					YEAR 3				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
REVENUES	490,565	820,969	1,197,816	529,721	3,039,072	508,716	851,345	1,242,135	549,321	3,151,517
Less Uncollectibles	0	0	0	0	0	0	0	0	0	0
Less Returns	0	0	0	0	0	0	0	0	0	0
Total Revenues	490,565	820,969	1,197,816	529,721	3,039,072	508,716	851,345	1,242,135	549,321	3,151,517
COST OF SALES					0					0
Materials	0	0	0	0	0	0	0	0	0	0
Direct Labor	0	0	0	0	0	0	0	0	0	0
Total COS	0	0	0	0	0	0	0	0	0	0
GROSS PROFIT	490,565	820,969	1,197,816	529,721	3,039,072	508,716	851,345	1,242,135	549,321	3,151,517
EXPENSES					0					0
Accounting and Legal	3,090	3,090	3,090	3,090	12,360	3,183	3,183	3,183	3,183	12,731
Advertising	2,453	4,105	5,989	2,649	15,195	2,544	4,257	12,379	5,475	24,654
Car, Delivery, Travel	3,998	5,650	7,534	4,194	21,375	4,135	5,848	7,802	4,338	22,123
Depreciation	137,877	137,877	137,877	137,877	551,509	137,877	137,877	137,877	137,877	551,509
Insurance	2,472	2,472	2,472	2,472	9,888	2,546	2,546	2,546	2,546	2,546
Interest	168,127	167,692	167,245	166,788	669,851	166,318	165,837	165,344	164,839	662,339
Misc. Expenses	2,453	4,105	5,989	2,649	15,195	2,544	4,257	6,211	2,747	15,758
Payroll	197,377	230,417	268,102	201,292	897,187	203,641	237,904	276,983	207,702	926,230
Payroll Expenses	19,623	32,839	47,913	21,189	121,563	20,349	34,054	49,685	21,973	126,061
Property Taxes - Pers PRP	3,090	3,090	3,090	3,090	12,360	3,183	3,183	3,183	3,183	12,731
Property Taxes - Real Estate	6,180	6,180	6,180	6,180	24,720	6,365	6,365	6,365	6,365	25,462
Rent/Lease	1,472	2,463	3,590	1,589	9,117	1,526	2,554	3,726	1,648	9,455
Repairs & Maintenance	7,358	12,315	17,967	7,946	45,586	7,631	12,770	18,632	8,240	47,273
Royalty	19,623	32,839	47,913	21,189	121,563	20,349	34,054	49,685	21,973	126,061
Telephone	3,090	3,090	3,090	3,090	12,360	3,183	3,183	3,183	3,183	12,731
Utilities	7,725	7,725	7,725	7,725	30,900	7,957	7,957	7,957	7,957	31,827
National Media Ads	2,453	4,105	5,989	2,649	15,195	2,544	4,257	6,211	2,747	15,758
0	0	0	0	0	0	0	0	0	0	0
Cleaning Supplies	2,453	4,105	5,989	2,649	15,195	2,544	4,257	6,211	2,747	15,758
Guest Room Supplies	2,453	4,105	5,989	2,649	15,195	2,544	4,257	6,211	2,747	15,758
Linen/Laundry Supplies	2,453	4,105	5,989	2,649	15,195	2,544	4,257	6,211	2,747	15,758
Other Supplies	2,453	4,105	5,989	2,649	15,195	2,544	4,257	6,211	2,747	15,758
Travel & Entertainment	3,090	3,090	3,090	3,090	12,360	3,183	3,183	3,183	3,183	12,731
Cable	2,163	2,163	2,163	2,163	8,652	2,228	2,228	2,228	2,228	8,912
Advertising Promo	3,399	3,399	3,399	3,399	13,596	3,501	3,501	3,501	3,501	14,004
Credit Card Expense	4,906	8,210	11,978	5,297	30,391	5,087	8,513	12,421	5,493	31,515
0	0	0	0	0	0	0	0	0	0	0
Total Expenses	611,828	693,333	786,345	620,200	2,711,706	620,046	704,537	807,129	631,365	2,763,076
NET PROFIT	(121,263)	127,636	411,471	(90,478)	327,366	(111,330)	146,808	435,006	(82,044)	388,441
INCOME TAXES	(43,655)	45,949	148,130	(32,572)	117,852	(40,079)	52,851	156,602	(29,536)	139,839
NET PROFIT A/TAX	(177,808)	81,687	263,342	(157,906)	209,514	(71,251)	93,957	278,404	(52,508)	248,602

CASH FLOW PLANNING SHEET, YEAR 1

	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
CASH ON HAND	206,000	44,192	22,444	55,596	71,944	70,644	81,738	200,789	406,775	506,097	817,810	693,012	
CASH RECEIPTS													0
Cash Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Collections	0	137,880	153,286	182,808	180,792	243,865	368,550	435,015	433,125	269,170	233,240	146,876	2,804,609
Loans	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners Contribution													0
Total Cash Receipts	0	137,880	153,286	182,808	180,792	243,865	368,550	435,015	433,125	269,170	233,240	146,876	2,804,609
Total Cash Avible	200,000	182,072	175,732	235,994	262,736	314,508	430,286	635,804	839,900	797,267	851,050	839,888	
EXPENSES													
Material Purchases	214	214	214	214	214	214	214	214	214	214	214	214	2,565
Direct Labor	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Returns	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounting and Legal	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Advertising	689	766	914	904	1,219	1,843	2,175	2,166	1,446	1,166	734	658	14,682
Car, Delivery, Travel	1,189	1,266	1,414	1,404	1,719	2,343	2,675	2,666	1,946	1,666	1,234	1,158	20,682
Insurance	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Misc. Expenses	689	766	914	904	1,219	1,843	2,175	2,166	1,446	1,166	734	658	14,682
Payroll	81,788	83,329	86,281	86,079	72,387	84,855	91,502	91,313	76,817	71,324	62,688	61,189	869,630
Payroll Expenses	5,515	6,132	7,312	7,232	9,755	14,742	17,401	17,325	11,567	9,330	5,875	5,268	117,452
Property Taxes - Pers PRP	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Property Taxes - Real Estate	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Rent/Lease	414	460	546	542	732	1,106	1,305	1,299	668	700	441	395	8,809
Repairs & Maintenance	2,068	2,269	2,742	2,712	3,658	5,528	6,525	6,497	4,338	3,499	2,203	1,976	44,045
Royalty	5,515	6,132	7,312	7,232	9,755	14,742	17,401	17,325	11,567	9,330	5,875	5,268	117,452
Telephone	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Utilities	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
National Media Ads	689	766	914	904	1,219	1,843	2,175	2,166	1,446	1,166	734	658	14,682
Cleaning Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
Guest Room Supplies	689	766	914	904	1,219	1,843	2,175	2,166	1,446	1,166	734	658	14,682
Linen/Laundry Supplies	689	766	914	904	1,219	1,843	2,175	2,166	1,446	1,166	734	658	14,682
Other Supplies	689	766	914	904	1,219	1,843	2,175	2,166	1,446	1,166	734	658	14,682
Travel & Entertainment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Cable	700	700	700	700	700	700	700	700	700	700	700	700	8,400
Advertising Promo	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200
Credit Card Expense	1,379	1,533	1,828	1,868	2,439	3,686	4,350	4,331	2,892	2,332	1,469	1,317	20,363
	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	94,008	97,829	106,150	104,650	120,292	151,214	167,697	187,229	131,528	117,657	96,239	92,473	1,445,968
Loan Payments	61,800	61,800	61,800	61,800	61,800	61,800	61,800	61,800	61,800	61,800	61,800	61,800	741,595
Capital Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0
Income Taxes			(46,804)			39,760			138,475			(36,126)	95,306
Owner Withdrawal													0
Total Cash Paid Out	155,808	159,629	120,146	166,450	182,092	252,774	228,497	229,028	331,803	179,457	158,039	118,147	2,282,868
CASH POSITION	44,192	22,444	55,596	71,944	70,644	61,738	200,789	406,775	506,097	817,810	693,012	721,741	

CASH FLOW PLANNING SHEET, YEARS 2 & 3

	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR 2 TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR 3 TOTAL
CASH ON HAND	721,741	706,543	715,516	1,180,073		1,403,798	1,390,728	1,402,985	1,883,708	
CASH RECEIPTS					0					0
Cash Sales	0	0	0	0	0	0	0	0	0	0
Collections	433,051	628,726	1,279,974	692,711	3,034,462	448,910	651,989	1,327,333	718,341	3,146,474
Loans	0	0	0	0	0	0	0	0	0	0
Owners Contribution	0	0	0	0	0	0	0	0	0	0
Total Cash Receipts	433,051	628,726	1,279,974	692,711	3,034,462	448,910	651,989	1,327,333	718,341	3,146,474
Total Cash Available	1,154,792	1,335,269	1,995,491	1,872,784		1,852,708	2,042,717	2,730,318	2,602,049	
EXPENSES										
Material Purchases	660	660	660	660	2,642	660	660	660	660	2,721
Direct Labor	0	0	0	0	0	0	0	0	0	0
Sales Returns	0	0	0	0	0	0	0	0	0	0
Accounting and Legal	3,090	3,090	3,090	3,090	12,360	3,183	3,183	3,183	3,183	12,731
Advertising	2,453	4,105	5,989	2,649	15,195	2,644	4,257	12,379	5,475	24,654
Car, Delivery, Travel	3,998	5,650	7,694	4,194	21,375	4,195	5,948	7,802	4,338	22,129
Insurance	2,472	2,472	2,472	2,472	9,888	2,546	2,546	2,546	2,546	10,185
Misc. Expenses	2,453	4,105	5,989	2,649	15,195	2,644	4,257	6,211	2,747	15,758
Payroll	197,377	230,417	268,102	201,292	897,187	203,641	237,904	276,963	207,702	926,250
Payroll Expenses	19,623	32,839	47,913	21,189	121,563	20,349	34,054	49,865	21,873	126,061
Property Taxes - Pers PRP	3,090	3,090	3,090	3,090	12,360	3,183	3,183	3,183	3,183	12,731
Property Taxes - Real Estate	6,180	6,180	6,180	6,180	24,720	6,365	6,365	6,365	6,365	25,482
Rent/Lease	1,472	2,463	3,693	1,569	9,117	1,626	2,554	3,728	1,648	9,455
Repairs & Maintenance	7,358	12,315	17,967	7,946	45,586	7,631	12,770	18,632	8,240	47,273
Royalty	19,623	32,839	47,913	21,189	121,563	20,349	34,054	49,865	21,873	126,061
Telephone	3,090	3,090	3,090	3,090	12,360	3,183	3,183	3,183	3,183	12,731
Utilities	7,725	7,725	7,725	7,725	30,900	7,957	7,957	7,957	7,957	31,827
National Media Ads	2,453	4,105	5,989	2,649	15,195	2,644	4,257	6,211	2,747	15,758
Cleaning Supplies	0	0	0	0	0	0	0	0	0	0
Guest Room Supplies	2,453	4,105	5,989	2,649	15,195	2,644	4,257	6,211	2,747	15,758
Liner/Laundry Supplies	2,453	4,105	5,989	2,649	15,195	2,644	4,257	6,211	2,747	15,758
Other Supplies	2,453	4,105	5,989	2,649	15,195	2,644	4,257	6,211	2,747	15,758
Travel & Entertainment	3,090	3,090	3,090	3,090	12,360	3,183	3,183	3,183	3,183	12,731
Cable	2,183	2,183	2,183	2,183	8,662	2,228	2,228	2,228	2,228	8,912
Advertising Promo	3,399	3,399	3,399	3,399	13,596	3,501	3,501	3,501	3,501	14,004
Credit Card Expense	4,606	6,210	11,978	5,297	30,991	5,087	6,513	12,421	5,499	31,615
	0	0	0	0	0	0	0	0	0	0
Subtotal	306,485	388,425	461,843	318,195	1,492,988	316,531	401,603	504,589	329,329	1,551,950
Loan Payments	185,399	185,399	185,399	185,399	741,595	185,399	185,399	185,399	185,399	741,595
Capital Purchases	0	0	0	0	0	0	0	0	0	0
Income Taxes	(43,655)	45,949	148,130	(32,672)	117,852	(40,079)	52,851	156,802	(29,636)	138,839
Owner Withdrawal	0	0	0	0	0	0	0	0	0	0
Total Cash Paid Out	448,229	619,773	815,411	468,222	2,352,434	481,851	648,752	848,589	485,192	2,433,384
CASH POSITION	706,563	715,616	1,180,073	1,403,798		1,390,728	1,402,985	1,883,708	2,116,859	

PROJECTED BALANCE SHEETS

ASSETS	STARTUP	END OF YEAR 1	END OF YEAR 2	END OF YEAR 3
Current Assets				
Cash	200,000	7,522,808	8,205,049	8,918,375
Accounts Receivable	0	131,692	136,301	141,344
Inventory	85,500	88,065	90,707	93,428
Total Current Assets	285,500	7,742,565	8,432,057	9,153,148
Fixed Assets				
Land	1,216,958	1,216,958	1,216,958	1,216,958
Building	7,104,320	7,104,320	7,104,320	7,104,320
Less Depreciation	0	(284,173)	(568,346)	(852,518)
Equipment A	602,000	602,000	602,000	602,000
Less Depreciation	0	(60,200)	(120,400)	(180,600)
Equipment B	528,000	528,000	528,000	528,000
Less Depreciation	0	(52,800)	(105,600)	(158,400)
Equipment C	0	0	0	0
Less Depreciation	0	0	0	0
Furniture & Fixtures	1,543,360	1,543,360	1,543,360	1,543,360
Less Depreciation	0	(154,336)	(308,672)	(463,008)
Other Long Term Assets	0	0	0	0
Less Depreciation	0	0	0	0
Total Fixed Assets	10,994,638	10,443,129	9,891,620	9,340,112
TOTAL ASSETS	11,280,138	18,185,694	18,323,678	18,493,259
LIABILITIES				
Current Debt				
Accounts Payable	0	0	0	0
Total Current Debt	0	0	0	0
Long-term Debt				
Loan 1	6,800,874	6,736,467	6,665,317	6,586,715
Loan 2	0	0	0	0
Loan 3	0	0	0	0
Total Long-term Debt	6,800,874	6,736,467	6,665,317	6,586,715
TOTAL DEBT	6,800,874	6,736,467	6,665,317	6,586,715
EQUITY				
Common Stock	0	0	0	0
Premium on C.S.	0	0	0	0
Retained Earnings	0	0	0	0
Owners Equity (if no stock issued)	4,479,264	11,449,227	11,658,361	11,906,544
TOTAL EQUITY	4,479,264	11,449,227	11,658,361	11,906,544
TOTAL DEBT + EQUITY	11,280,138	18,185,694	18,323,678	18,493,259

UNITED STATES

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

+

CORPORATE CHARTER

OF THE

BLACKFEET TRIBE OF THE
BLACKFEET INDIAN RESERVATION
MONTANA

+

RATIFIED AUGUST 15, 1936

(Seal)

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1957

**CORPORATE CHARTER OF THE BLACKFEET TRIBE
OF
THE BLACKFEET INDIAN RESERVATION**

**A FEDERAL CORPORATION CHARTERED UNDER THE ACT OF
JUNE 18, 1934**

Whereas, the Blackfeet Tribe of the Blackfeet Indian Reservation of Montana constitutes a recognized Indian tribe organized under a Constitution and By-laws ratified by the Tribe on November 13, 1935, and approved by the Secretary of the Interior on December 13, 1935, pursuant to section 16 of the Act of June 18, 1934 (48 Stat. 984), as amended by the Act of June 15, 1935 (49 Stat. 378); and

Whereas, more than one-third of the adult members of the Tribe have petitioned that a charter of incorporation be granted to such Tribe, subject to ratification by a vote of the adult Indians living on the reservation;

Now, therefore, I, Harold L. Ickes, Secretary of the Interior, by virtue of the authority conferred upon me by the said Act of June 18, 1934 (48 Stat. 984), do hereby issue and submit this charter of incorporation to the Blackfeet Tribe of the Blackfeet Indian Reservation to be effective from and after such time as it may be ratified by a majority vote of the adult Indians living on the reservation.

*Corporate
Existence*

1. In order to further the economic development of the Blackfeet Tribe of the Blackfeet Indian Reservation in Montana by conferring upon the said Tribe certain Corporate rights, powers, privileges, and immunities: to secure for the members of the Tribe an assured economic independence; and to provide for the proper exercise by the Tribe of various functions heretofore performed by the Department of the Interior, the aforesaid Tribe is hereby chartered as a body politic and corporate of the United States of America, under the corporate name "The Blackfeet Tribe of the Blackfeet Indian Reservation."

*Perpetual
Succession*

2. The Blackfeet Tribe of the Blackfeet Indian Reservation shall, as a Federal corporation, have perpetual succession.

Membership

3. The Blackfeet Tribe of the Blackfeet Indian Reservation shall be a membership corporation. Its members consist

(2)

- of all persons now or hereafter a entitled to membership in the Tribe, as provided by its duly ratified and approved Constitution and By-laws.
- Management*
4. The Blackfeet Tribal Business Council established in accordance with the said Constitution and By-laws of the Tribe, shall exercise all of the corporate powers hereinafter enumerated.
- Corporate Powers*
5. The Tribe, subject to any restrictions contained in the Constitution and laws of the United States, or in the Constitution and By-laws of the said Tribe, shall have the following corporate powers, in addition to all powers already conferred or guaranteed by the Tribal Constitution and By-laws.
- (a) To adopt, use, and alter at its pleasure a corporate seal.
- (b) To purchase, take by gift, bequest, or otherwise, own, hold, manage, operate, and dispose of property of every description, real and personal, subject to the following limitations;
1. No sale or mortgage may be made by the Tribe of any land or interests in land, including water power sites, water rights, oil, gas, and other mineral rights now or hereafter held by the Tribe within the boundaries of the Blackfeet Reservation. No sale of any other capital assets of the Tribe exceeding in value the sum of \$10,000 may be made unless approved by a majority vote at a referendum called by the Tribal Council as provided in Article IX of the Constitution of the Tribe.
 2. No leases or permits (which terms shall not include land assignments to members of the Tribe) or timber sale contracts covering any land or interests in land nor or hereafter held by the Tribe within the boundaries of the Blackfeet Indian Reservation, shall be made by the Tribe for a longer term than ten years, and such

(3)

leases, permits, or contracts must be approved by the Secretary of the Interior or by his duly authorized representative; but oil and gas leases, or any leases requiring substantial improvements of the land may be made for longer periods when authorized by law.

3. No action shall be taken by or in behalf of the Tribe which is in conflict with regulations authorized by section 6 of the Act of June 18, 1934, or in any way operates to destroy or injure the tribal grazing lands, timber, or other natural resources of the Blackfeet Indian Reservation.

- (c) To issue interests in corporate property in exchange for restricted Indian lands, as provided in Article VII, Section 6, of the Constitution of the Tribe.
- (d) To borrow money from the Indian Credit Fund in accordance with the terms of Section 10 of the Act of June 18, 1934 (48 Stat. 984), or from any other Governmental agency, or from any member or association of members of the Tribe, and to use such funds directly for productive tribal enterprises, or to loan money thus borrowed to individual members or associations of members of the Tribe, provided that the amount of indebtedness to which the Tribe may subject itself shall not exceed one hundred thousand dollars, except with the express approval of the Secretary of the Interior.
- (e) To engage in any business that will further the economic well-being of the members of the Tribe or to undertake any activity of any nature whatever, not inconsistent with law or with any provision of this charter.
- (f) To make and perform contracts and agreements of every description, not consistent with law or with any provisions of this charter, with any person, association, or corporation, with any municipality

(4)

or any county, or with the United States or the State of Montana, including agreements with the State of Montana for the rendition of public services: *Provided*, That any contract involving payment of money by the corporation in excess of \$10,000 in any one fiscal year shall be subject to the approval of the Secretary of the Interior or his duly authorized representative.

- (g) For the purpose of obtaining any loan, to pledge or assign any chattels purchased with the proceeds of such loans, or any income arising from activities of the Tribe financed by the proceeds of such loan, or any income due or to become due on any notes, leases or contracts taken as security for the reloan by the Tribe of the proceeds of such loan whether or not such notes, leases, or contracts, are in existence at the time, but no pledge or assignment shall be made to any person or agency, other than the Secretary of the Interior, without the approval of the Secretary of the Interior.
- (h) To deposit corporate funds, from whatever source derived, in any national or state bank to the extent that such funds are insured by the Federal Deposit Insurance Corporation, or secured by a surety bond, or other security, approved by the Secretary of the Interior; or to deposit such funds in the postal savings bank or with a bonded disbursing officer of the United States to the credit of the Tribe.
- (i) To sue and to be sued in courts of competent jurisdiction within the United States; but the grant or exercise of such power to sue and to be sued shall not be deemed a consent by the said Tribe, or by the United States to the levy of any judgement, lien or attachment upon the property of the Tribe other than income or chattel specially pledged or assigned.
- (j) To exercise such further incidental powers, not inconsistent with law, as may be necessary to the conduct of corporate business.

*Termination
of Supervisory
Powers.*

6. Upon the request of the Blackfeet Tribal Council for the termination of any supervisory power reserved to the Secretary of the Interior under section 5b, (2), 5f,

(5)

5g, 5h, and section 8 of this charter, the Secretary of the Interior, if he deems it wise and expedient so to do, shall approve the termination and submit it for ratification to the Tribe. It shall be effective upon ratification by a majority vote at an election in which at least thirty per cent of the adult members of the Tribe residing on the reservation shall vote. If at any time after ten years from the effective date of this charter, such request shall be made and the Secretary shall disapprove such termination or fail to approve or disapprove it within ninety days after its receipt, it may then be submitted by the Secretary of the Interior or by the Tribal Council to popular referendum of the adult members of the Tribe actually living within the reservation and if approved by two-thirds of the eligible voters, shall be effective.

*Corporate
Property*

7. No property rights of the Blackfeet Tribe, as heretofore constituted, shall be in any way impaired by anything contained in this charter, and the tribal ownership of unallotted lands, whether or not assigned to the use of any particular individuals, is hereby expressly recognized.

The individually owned property of members of the Tribe shall not be subject to any corporate debts or liabilities, without such owner's consent. Any existing lawful debts of the Tribe shall continue in force, except as such debts may be satisfied or canceled pursuant to law.

*Corporate
Dividends*

8. The Tribe may issue to each of its members a nontransferable certificate of membership evidencing the equal share of each member in the assets of the Tribe and may distribute per capita, among the recognized members of the Tribe, the net income of corporate activities including the proceeds of leases of tribal assets, including oil royalties over and above sums necessary to defray corporate obligations to members of the Tribe or to other persons and over and above all sums which may be devoted to the establishment of a reserve fund, and other expenses incurred by the Tribe for corporate purposes. Any such distribution of profits in any one year amounting to a per capita cash payment of \$100 or more, or amounting to

(6)

a distribution of more than one-half of the accrued surplus, shall not be made without the approval of the Secretary of the Interior.

*Corporate
Accounts*

9. The officers of the Tribe shall maintain accurate and complete public accounts of the financial affairs of the Tribe, which shall clearly show all credits, debts, pledges and assignments, and shall furnish an annual balance sheet and report of the financial affairs of the Tribe to the Commissioner of Indian Affairs. The Tribal Council shall elect from within or without their number a Treasurer of the Tribe who, under their control and direction, shall be the custodian of all moneys which come under the jurisdiction or control of the Tribal Council. He shall pay out money in accordance with the orders and resolutions of the Council, and no disbursements shall be made without the signature or approval of the Treasurer. He shall keep accounts of all receipts and disbursements and shall make written reports of same to the Tribal Council at each regular and special meetings. He shall be bonded in such an amount as the Council by resolution shall provide, such bond to be approved by the Commissioner of Indian Affairs. The books of the Treasurer shall be audited at the direction of the Council or of the Commissioner of Indian Affairs, and shall be open to inspection by members of the Tribe or duly authorized representatives of the Government at all reasonable times.

Amendments

10. This charter shall not be revoked or surrendered except by act of Congress, but amendments may be proposed by resolutions of the Council which if approved by the Secretary of the Interior, to be effective shall be ratified by a majority vote of the adult members living on the reservation at a popular referendum in which at least 30 per cent of the eligible voters vote.

Ratification

11. This charter shall be effective from and after the date of its ratification by a majority vote of the adult members of the Blackfeet Tribe living on the Blackfeet Indian Reservation, provided at least 30 per cent of the eligible voters shall vote, such ratification to be formally certified by the Superintendent of the Blackfeet Indian Agency and the Chairman of the Tribal Council of the Tribe.

(7)

Submitted by the Secretary of the Interior for ratification by the Blackfeet Tribe of the Blackfeet Indian Reservation in a popular referendum to be held on August 15, 1936.

Harold L. Ickes,
Secretary of the Interior
[SEAL]

Washington, D.C., *July 18, 1936.*

CERTIFICATION

Pursuant to section 17 of the Act of June 18, 1934 (48 Stat. 984), this charter, issued on July 18, 1936, by the Secretary of the Interior to the Blackfeet Tribe of the Blackfeet Reservation, was duly submitted for ratification to the adult Indians living on the reservation and was on August 15, 1936, duly ratified and accepted by a vote of 737 for and 301 against, in an election in which over thirty per cent of those entitled to vote cast their ballots.

Joseph W. Brown,
Chairman of the Blackfeet Tribal Business Council

C.L. Graves,
Superintendent, Blackfeet Agency.

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