



Unama'ki - Cape Breton Island Tourism Case Studies

The Rescue and Transformation of Cape Smokey

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Cape Breton Island has long been lauded as one of the most beautiful Islands in the world. Cape Breton University has delivered well-established tourism and hospitality training for decades and is a leader in the field of such undergraduate training in Canada. The World Tourism Institute (WTI) at CBU is perfectly positioned and timed to leverage, support, and enhance, a growing tourism industry at home and globally.

The World Tourism Institute (WTI) was founded at Cape Breton University (CBU) in 2019 with a strong foundation rooted in the depth and diversity of the Cape Breton Island Tourism Sector, the long history of Tourism and Hospitality programming at CBU and the established industry and community relationships.

In 2022, the WTI secured \$2.24 million, 3 year project running February 2022 to 2025, for training and research funding from the Canadian government to stimulate post-pandemic recovery, build capacity and grow opportunities for Cape Breton Island's Tourism Sector. This project is called the **Cape Breton Island Tourism Training Network (CBITTN)**.

CBITTN Objectives:

- Ensure inclusivity in all development activities.
- Work with Mi'kmaw partners to explore, design and implement community-based credit programs in Indigenous tourism.
- Develop a foundation of accessible, timely and credible research which will support decision-making by the industry and act as a catalyst in innovation and entrepreneurialism in tourism.
- Identify training gaps and needs associated with labour shortages.
- Promote education and professional certifications for the tourism industry, including the development of micro-credentials and customized training programs.

World Tourism Institute

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Please note that the accuracy of these case studies is subject to change since the publication date. The individuals interviewed may no longer be affiliated with the respective tourism operations or businesses. Changes in business practices, ownership, and other relevant details may have occurred since the time of writing.



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HISTORY AND BACKGROUND

Located on the eastern coast of Cape Breton Island in Nova Scotia, Canada, Cape Smokey has traditionally struggled to realize its potential as a tourist destination. This 162-hectare property sits on the Cabot Trail and offers breathtaking views of the Atlantic Ocean and the surrounding highlands and has been recognized by many as a potential recreational destination.

The story of Ski Cape Smokey begins in the early 1970s when it was opened by Owen Carter from Quebec. The property was then taken over by the Province of Nova Scotia who operated it in collaboration with Mr. Carter. The site contained a large disco until it burned down in the early 1980s. The Nova Scotia Government owned the land and leased it to the Ski Cape Smokey Society who managed the site with occasional government financial assistance. Over the years both inconsistent financial support and inconsistent snowfall have hampered growth and development of the property.

Ski Cape Smokey faced challenges throughout its history. Financial difficulties and changing industry dynamics led to periods of closure and uncertainty. From 2010 to 2019 Ski Cape Smokey was managed and run by about a dozen volunteers and was in danger of closing permanently. The lodge was made into a multi-use community centre with a gym, live entertainment, dances, and movies. Over the years, eight different investors considered purchasing the operation before backing out.

In 2019 Ski Cape Smokey was purchased by the Cape Smokey Holding company. Its CEO, Martin Kejval, had a vision to transform Ski Cape Smokey into a successful four-seasons tourist destination altering the business focus from skiing and community events to a more all-around outdoor adventure experience. On September 4th, 2021, Cape Smokey opened Atlantic Canada's first gondola which very publicly demonstrated the commitment of Martin and the Cape Smokey Holding Company. This case study explores the challenges and decisions faced in transforming Ski Cape Smokey from a small local winter destination to Cape Smokey, an internationally recognized, year-around nature and adventure tourism destination.

IDENTIFYING THE POTENTIAL

Martin Kejval recognized the natural beauty of Ingonish and the lack of a prominent tourist spot on the Cabot Trail. He saw an opportunity to create a year-round destination that would captivate visitors and offer a variety of outdoor activities. The stunning nature and unique atmosphere of the area inspired him to envision Cape Smokey as a "green Disneyland" with a focus on outdoor activities and local community integration.

Several key factors and data points played a significant role in giving Martin the confidence that purchasing Cape Smokey would be a good investment. One of the critical factors was the demand for a year-round tourist destination in Ingonish, Cape Breton. Martin recognized that the area's natural beauty attracted a significant number of visitors, especially during the

summer months. However, there was a lack of a comprehensive attraction that could keep tourists engaged throughout the year. By capitalizing on the scenic beauty and the potential for outdoor activities, Martin saw an opportunity to create a lasting tourist destination that would attract visitors from different demographics.

Market research and data analysis were instrumental in shaping Martin's investment strategy. Martin extensively researched the tourist traffic in the area, using data from Parks Canada, Tourism Nova Scotia, and Destination Cape Breton. This research allowed them to identify the potential customer base and understand their preferences and needs. Armed with this data, Martin was confident that demand that he could tap into and expand upon existed.

The availability of a diverse workforce also played a crucial role in Martin's decision-making process. Cape Smokey had access to a pool of local employees and was successful in recruiting individuals from various backgrounds, including immigrants and international students.

BUILDING THE TEAM AND PRIORITIZING INVESTMENTS

Building a capable and diverse team was crucial for the success of Cape Smokey. A key member of the team was the Public Relations and Marketing Manager whose responsibilities included developing brand identity, managing social media, and coordinating partnerships with tour operators. Martin and his team focused on attracting nostalgic skiers and empty nesters during the winter season, while targeting tourists exploring the Cabot Trail during the summer.

They initially relied on word-of-mouth to recruit employees but recognized the need to improve their recruitment strategies by leveraging the internet and online platforms. The team comprised a mix of local residents, Mi'kmaq, immigrants, and international students. To meet specific skill requirements, they brought in experts from Europe to train the local workforce, ensuring safety and efficiency in operating the machinery.

With limited resources, Martin had to prioritize investments and operational improvements. The team focused on functionality, such as replacing and repairing equipment, renovating the lodge, and cutting new ski runs. The investments were driven by the need to provide enough money that Cape Smokey could operate on its own and attract additional investment for expansion to ensure the resort's long-term viability.

Martin based his decisions on existing data and analyzed various key performance indicators. He studied visitor demographics, average incomes, and travel patterns through partnerships with Parks Canada, Inverness, and tourism organizations. Martin and his team performed stress tests of expected customer numbers to identify the minimum number of customers needed for viability and considered different scenarios and potential risks, to assess the financial impact of the investments.

COMMUNITY ENGAGEMENT AND SUPPORT

One of the key elements in gaining community support was transparent communication. Martin organized town hall meetings, inviting the community to understand their plans and aspirations for Cape Smokey. Martin addressed initial concerns about potential alienation of locals by emphasizing the opportunities for local entrepreneurs to start businesses within the Cape Smokey framework. This open dialogue helped dispel initial apprehensions and generated excitement within the community.

A critical factor in gaining community support was Cape Smokey's commitment to continuous improvement and investment in infrastructure. The team prioritized necessary renovations and repairs to ensure a safe and enjoyable experience for visitors. They introduced a state-of-the-art gondola, snowmaking facilities, and renovated the lodge to accommodate guests throughout the year. Their focus on upgrading facilities, coupled with a long-term vision for the resort, instilled confidence in the community about the project's sustainability and long-term success.

To build trust and further engage the community, Cape Smokey actively sought partnerships with local businesses. They collaborated with Cape Breton Beverages, Breton Brewing, Island Folk Cider, and other local brands to support the local economy and offer a premium Cape Breton experience to their guests. By collaborating with local breweries and cidery, and sourcing products locally, they fostered mutual support among businesses in the community. Additionally, they worked with local tour operators and event organizers to showcase the area's natural beauty and cultural offerings, thus building a network of mutual support and collaboration.

CHALLENGES AND DIFFICULTIES

The Cape Smokey project faced various challenges and difficulties during its development into a year-round tourist destination. One of the primary challenges was staffing and workforce management. Finding and retaining skilled employees proved challenging, especially given the seasonal nature of the business. Additionally, attracting and recruiting employees from various backgrounds and locations required an ongoing effort, transitioning from relying on word-of-mouth recommendations to internet-based recruitment strategies. Furthermore, the remote location of Cape Smokey also posed logistical challenges, adding to the difficulty of attracting skilled maintenance and construction workers to the area. To address this issue, the team had to seek expertise from other regions and invest in training and development for local workers.

Another significant challenge was the realization that the Canadian business environment differed significantly from European practices. Martin Kejval, who was accustomed to European business norms, had to adapt to the Canadian policies, financial systems, and funding opportunities. Canadian banks classified Cape Smokey as a startup rather than an existing resort looking to expand which changed the amount of established equity required before the banks

would provide additional funding. Securing financial support from banks and institutions was not as straightforward as he expected, leading to the need for private equity financing.

Navigating government regulations and permits was another hurdle. For example, obtaining approval for the tree walk project encountered unexpected delays, highlighting the complexities of the Canadian regulatory processes. In Martin's experience, written physical agreements and contracts don't have the same permanence of meaning in Canada as they have in Europe. Martin sees this as a difference between The Roman Civil Law which underpins the European legal system and The English Common Law which is the foundation of the Canadian legal system. Under the European system codified statutes and ordinances are the basis for legal decisions, whereas under common law past legal precedents or judicial ruling are used to decide cases. This makes identifying relevant rules and regulations more difficult in Canada and results in a less predictable environment in which to make business decisions. The unpredictability of government decisions and regulations added uncertainty to the project's planning and implementation.

FUTURE OUTLOOK AND COMMUNITY IMPACT

Martin envisions Cape Smokey as a community gathering place and an economic catalyst for Ingonish. By encouraging other businesses to stay open year-round, providing employment opportunities, and supporting local entrepreneurs, he aims to revitalize the entire Ingonish area. Martin is actively involved in the Ingonish Development Society and collaborates with community members to improve infrastructure and secure grants for the region's development.

CONCLUSION

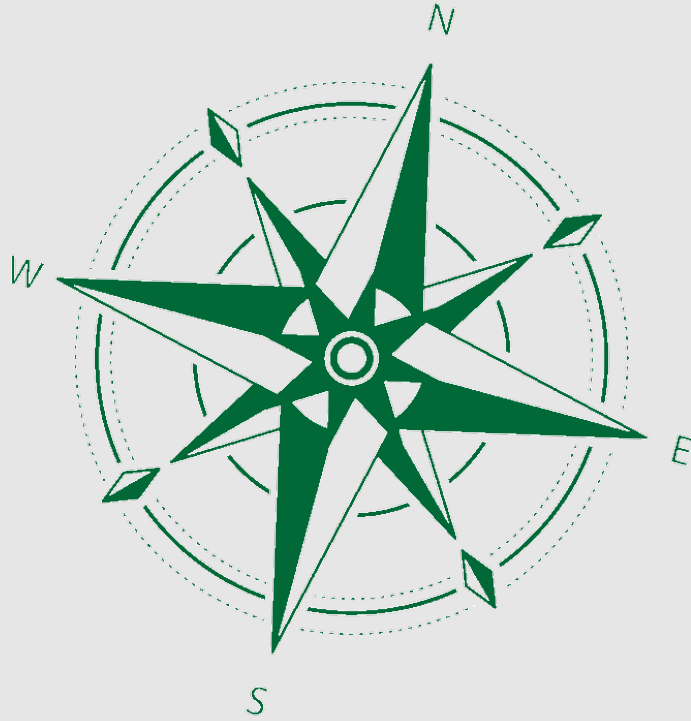
Martin Kejval's determination and clear vision for Cape Smokey as a year-round tourist destination have created a strong foundation for its development. The Cape Smokey project serves as an example of how a transformative tourism venture can succeed by gaining community support, fostering engagement, and building trust. Martin Kejval and his team's transparent communication, commitment to the local economy, and continuous improvements have played a vital role in making Cape Smokey a symbol of revitalization for Ingonish and Cape Breton Island. As the project continues to evolve and attract new visitors and entrepreneurs, it is set to leave a lasting positive impact on the community and its economy, solidifying Cape Smokey as an example of growth and opportunity on the Cabot Trail.

ALTERNATIVE DECISIONS

1. Conducting a more comprehensive analysis of local regulations and banking systems could have helped them avoid unexpected hurdles and identify potential financing challenges earlier in the process.
2. Implementing a more extensive market research study, including surveys and interviews with potential target customers, could have provided additional insights into their preferences, expectations, and desired experiences.
3. Exploring additional partnerships with tourism organizations and local attractions, beyond Rossignol and Cape Breton Beverages, could have diversified their offerings and expanded their customer base.
4. Considering a phased approach to investments and operational improvements, prioritizing the most critical elements first, would have allowed for more flexibility and better resource allocation.
5. Investing in comprehensive training programs for the local workforce from the outset could have reduced the need to bring in external experts and improved the overall skill level of employees.

INSTRUCTOR GUIDE: STUDY CASE QUESTIONS FOR STUDENTS

1. What factors would you look at when choosing a property to invest in to develop a tourist destination? What would give you confidence that a property or business would be a good investment as a tourist destination?
2. Gaining support from the local community can be a crucial step in developing a tourist destination, especially for new non-local owners. How would you build trust and engagement with a community that might be skeptical of your project?
3. Moving forward, what strategies would you use to ensure that Cape Smokey is profitable? What resources would you invest into the project? How would you mitigate the risk of additional investments?



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