Training Report on Business Development Skill

Strengthening Tour Operator Associations in Bhutan and Costa Rica, a Bilateral Project Implemented by Association of Bhutanese Tour Operators and Ecole Experience under the Programme for South South Cooperation. 2008-2010

ABTO

Programme for South-South Cooperation
Benin, Bhutan, Costa Rica

Ecole Xperience

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1 Executive Summary

Under the "Strengthening Tour Operator Associations in Bhutan and Costa Rica and Improving Market Linkages for Sustainable Tourism with the United States and Western Europe" project through Programme for South South Cooperation funding, a weeklong intensive training on Business Development Skills was organized in July, 2009.

The main purpose of the training was to enhance the business skills of the tour operators for effective business through sustainable use of the limited resources. Around 37 tour operators/representatives of the tour operators have attended the training.

The broad rationale for the Business Development Skill training is to address some of the issues to the sustainable tourism development. In addition to enhancing the tour operators' core business development skills in terms of tour operation practice worldwide and in consideration of Bhutan's context, a further motivation of the course is to raise awareness of both the ethical and business case for 'responsible' enterprise from social, environmental and economic perspectives.

While the professionalization of tour operators is only one of the prerequisites required for the sustainable development of the tourism industry, it is likely to be of particular importance because of the dominant position many tour operators currently have in relation to other private sector actors (e.g., hoteliers, guides, etc.).

The training modules were developed based on the training needs of the tour operators recommended through feedback. The topics were prioritized through analysis and recommended enough time to ensure optimal utilization of resources and wider coverage.

The specific objective of the Business Development Skills training is to enable tour operators to:

- Improve operational efficiency.
- Improve service quality.
- Improve product differentiation.

Operate in a more socially, environmentally and economically responsible manner, particularly where this is linked to enhanced business performance, the training was a very successful one with overwhelming response from the participants.

The training ensured full relevance to the Bhutanese context, while drawing on regional and international examples, cases, etc. where this added genuine value for effectiveness. The training emphasized pragmatic approaches with effort taken to highlight skills and information that are immediately applicable through multiple sources and types (for example, real-life practical examples, analogies, short videos and etc.). Reference lessons learned and stressed on themes from previous course sessions in order to reinforce content and learning.

Special award was introduced to make meaning participation and interaction, which proved to be effective for achieving the objectives of the training.

2 Approach for Training

This document briefly outlines the approach taken with respect to the design and development of the Business Development Skills (BDS) training course.

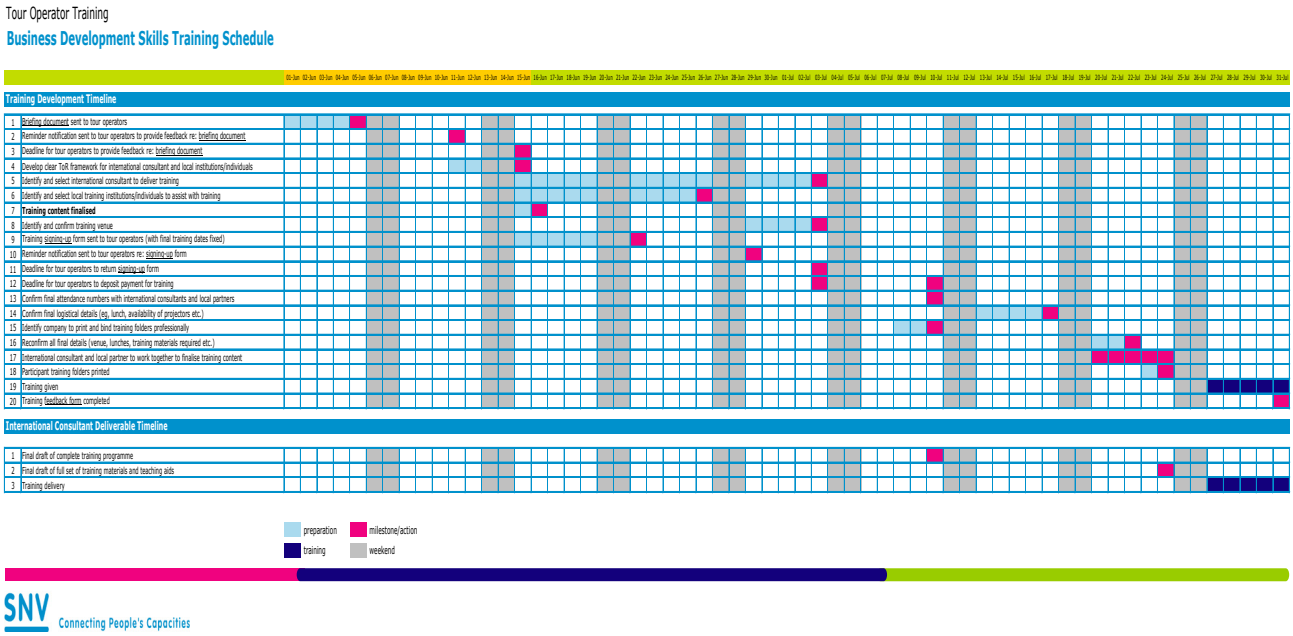
More detailed information can be obtained from the training documentation that accompanies this

report.

1. Planning Session to Identify Key Activities and Associated Timeline

In late May the ABTO training project team (Sonam Dorji and Tek Bdr. Khatiwara) met with the SNV advisor (Kyle Alexander) to undertake a training planning session. The objective of the session was to identify the key activities required to successfully undertake the BDS training, and to agree a provisional training timeline.

The value of pro-active engagement with the training target audience was recognised early on, and lead to the decision to develop the training feedback form outlined in step 4.



2. Budget Review Session

In early June, a follow-up meeting was held between ABTO and SNV to confirm the budget allocation for the training, and to discuss the feasibility of charging tour operator participants a contribution towards the cost of the training. An important factor in the cost contribution calculation concerned ensuring:

- that the BDS training did not artificially undercut the cost of equivalent or similar training courses already being made available in the private or public sector; and
- that the contribution was significant enough to maximise participant commitment while minimising the risk of excluding genuinely motivated participants.

An important outcome of the cost contribution discussion and analysis was the decision to consciously involve a local training provider for those elements of the training where the necessary training skills and capacity already exist in Bhutan.

This session was also used to agree the target number of training participants, with a key consideration being to maximise training quality, while also seeking to ensure the course was made available to the widest possible number of participants.

3. Working Session to Agree Provisional Training Course Content

During this session it was decided to make use of the 'Occupational Profile for Tour Operator' document development by the Department for Occupational Standards.

The individual elements of the occupational profile were adapted as required to give an initial selection of potential training course modules and module topics. The provisional training course outline would then be finalised based on tour operator feedback (step 4).

4. Development of Training Briefing and Feedback Form

The objective of the 'Training Briefing Document & Tour Operator Feedback Form' was to give tour operators an overview of the context of the both the Business Development Skills and Marketing and Packaging training, and also to clearly outline ABTO's approach with respect to the:

- availability of training, and in particular the maximum number of people able to participate; and
- required contribution to the cost of the training for each participant.

The feedback form was divided into three sections:

- **PART A: Introductory Questions,** which included a question asking tour operators to rate the proposed cost contribution on a scale from 'very inexpensive' to 'very expensive';
- **PART B: Module Topic Selection,** which asked tour operators to select those individual module topics that they were particularly interested in receiving training in; and
- **PART C: Module Selection,** which asked tour operators to identify the modules they regarded as being of most and least importance.

SNV

ABTO

ASSOCIATION OF BHUTANESE TOUR OPERATORS

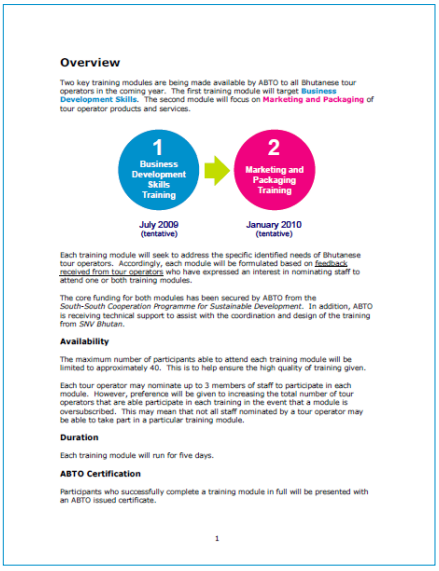
Tour Operator Training:

Business Development Skills

TRAINING BRIEFING DOCUMENT & TOUR OPERATOR FEEDBACK FORM

Programme for South-South Cooperation

Benin, Bhutan, Costa Rica


Overview

Two key training modules are being made available by ABTO to all Bhutanese tour operators in the coming year. The first training module will target Business Development Skills. The second module will focus on Marketing and Packaging of tour operator products and services.

1 Business Development Skills Training — July 2009 (tentative)

2 Marketing and Packaging Training — January 2010 (tentative)

Each training module will seek to address the specific identified needs of Bhutanese tour operators. Accordingly, each module will be formulated based on feedback received from tour operators who have expressed an interest in nominating staff to attend one or both training modules.

The core funding for both modules has been secured by ABTO from the South-South Cooperation Programme for Sustainable Development. In addition, ABTO is receiving technical support to assist with the coordination and design of the training from SNV Bhutan.

Availability

The maximum number of participants able to attend each training module will be limited to approximately 40. This is to help ensure the high quality of training given.

Each tour operator may nominate up to 3 members of staff to participate in each module. However, preference will be given to increasing the total number of tour operators that are able participate in each training in the event that a module is oversubscribed. This may mean that not all staff nominated by a tour operator may be able to take part in a particular training module.

Duration

Each training module will run for five days.

ABTO Certification

Participants who successfully complete a training module in full will be presented with an ABTO issued certificate.

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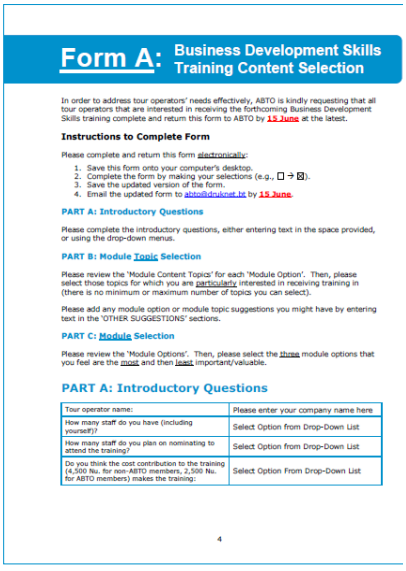

Form A: Business Development Skills Training Content Selection

In order to address tour operators' needs effectively, ABTO is kindly requesting that all tour operators that are interested in receiving the forthcoming Business Development Skills training complete and return this form to ABTO by 15 June at the latest.

Instructions to Complete Form

Please complete and return this form electronically:

1. Save this form onto your computer's desktop.
2. Complete the form by making your selections (e.g., ☐ → ☒).
3. Save the updated version of the form.
4. Email the updated form to abto@druknet.bt by 15 June

PART A: Introductory Questions

Please complete the introductory questions, either entering text in the space provided, or using the drop-down menus.

PART B: Module Topic Selection

Please review the 'Module Content Topics' for each 'Module Option'. Then, please select those topics for which you are particularly interested in receiving training in (there is no minimum or maximum number of topics you can select).

Please add any module option or module topic suggestions you might have by entering text in the 'OTHER SUGGESTIONS' sections.

PART C: Module Selection

Please review the 'Module Options'. Then, please select the three module options that you feel are the most and then least important/valuable.

PART A: Introductory Questions

Tour operator name:	Please enter your company name here
How many staff do you have (including yourself)?	Select Option from Drop-Down List
How many staff do you plan on nominating to attend the training?	Select Option from Drop-Down List
Do you think the cost contribution to the training (4,500 Nu. for non-ABTO members, 2,500 Nu. for ABTO members) makes the training:	Select Option From Drop-Down List

4

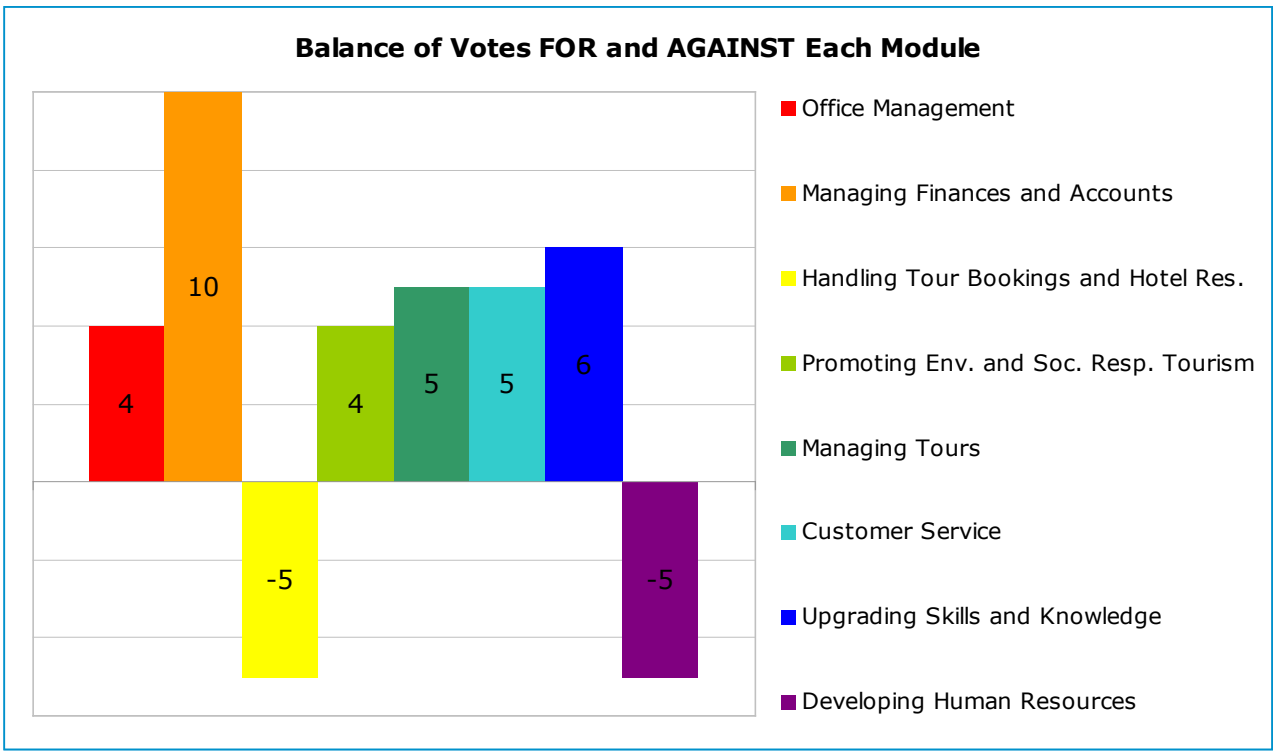
The form was carefully designed to ensure ease of use and understandability.

The Training Briefing Document & Tour Operator Feedback Form was sent to all tour operators by email on 6 June. An email reminding tour operators to complete the form was sent out by ABTO a week later.

5. Analysis of Feedback Received

A meeting was held on 17 June to review the feedback received in order to establish a finalised training content outline. In particular, the feedback was used to:

- identify those modules for which most tour operators did not wish to receive training in; and
- identify those module content topics for which tour operators were most interested in receiving training in.



The feedback indicated that tour operators planned on nominating around 35 people to attend the training, and that just over half of the respondents thought that the cost contribution to the training was 'reasonable/fair'.

6. Development of Training Registration Form

The analysis of the feedback received from the tour operators was included in the training registration form. This was intended to further promote a sense of engagement and transparency between ABTO and the operators.

The form asked tour operators to nominate up to three members of staff to attend the training.

SNV

ABTO

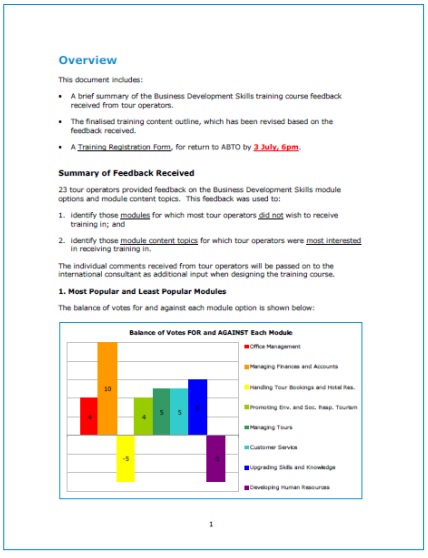
ASSOCIATION OF BHUTANESE TOUR OPERATORS

Tour Operator Training:

Business Development Skills

SUMMARY OF FEEDBACK RECEIVED & TRAINING REGISTRATION FORM

Programme for South-South Cooperation Benin, Bhutan, Costa Rica


Overview

This document includes:

- A brief summary of the Business Development Skills training course feedback received from tour operators.
- The finalised training content outline, which has been revised based on the feedback received.
- A Training Registration Form, for return to ABTO by 3 July, 6pm.

Summary of Feedback Received

23 tour operators provided feedback on the Business Development Skills module options and module content topics. This feedback was used to:

1. identify those modules for which most tour operators did not wish to receive training in; and
2. identify those module content topics for which tour operators were most interested in receiving training in.

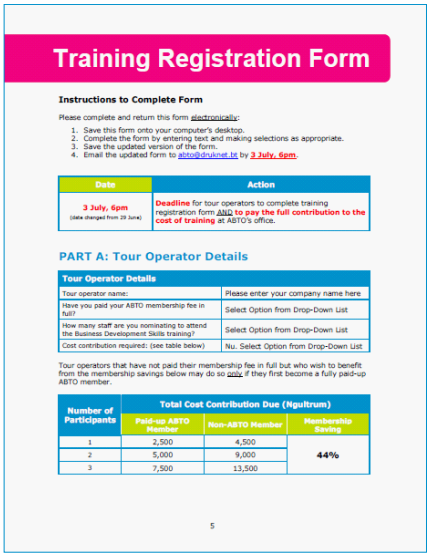
The individual comments received from tour operators will be passed on to the international consultant as additional input when designing the training course.

1. Most Popular and Least Popular Modules

The balance of votes for and against each module option is shown below:

Balance of Votes FOR and AGAINST Each Module

1


Training Registration Form

Instructions to Complete Form

Please complete and return this form electronically:

1. Save this form onto your computer's desktop.
2. Complete the form by entering text and making selections as appropriate.
3. Save the updated version of the form.
4. Email the updated form to abto@druknet.bt by 3 July, 6pm.

Date	Action
3 July, 6pm (date changed from 29 June)	Deadline for tour operators to complete training registration form AND to pay the full contribution to the cost of training at ABTO's office.

PART A: Tour Operator Details

Tour Operator Details	
Tour operator name:	Please enter your company name here
Have you paid your ABTO membership fee in full?	Select Option from Drop-Down List
How many staff are you nominating to attend the Business Development Skills training?	Select Option from Drop-Down List
Cost contribution required: (see table below)	Nu. Select Option from Drop-Down List

Tour operators that have not paid their membership fee in full but who wish to benefit from the membership savings below may do so only if they first become a fully paid-up ABTO member.

Number of Participants	Total Cost Contribution Due (Ngultrum)		
	Paid-up ABTO Member	Non-ABTO Member	Membership Saving
1	2,500	4,500	44%
2	5,000	9,000	
3	7,500	13,500	

5

The form was sent to tour operators on 20 June.

7. Development of Terms of Reference for International and Local Consultants

Two terms of reference were developed following the finalisation of the training content, these were for:

- an international consultant to design, develop and deliver the business development skills training course; and
- a Bhutanese consultant/organisation to design, develop and deliver a training module on 'Managing Finances and Accounts'.

Both terms of reference were:

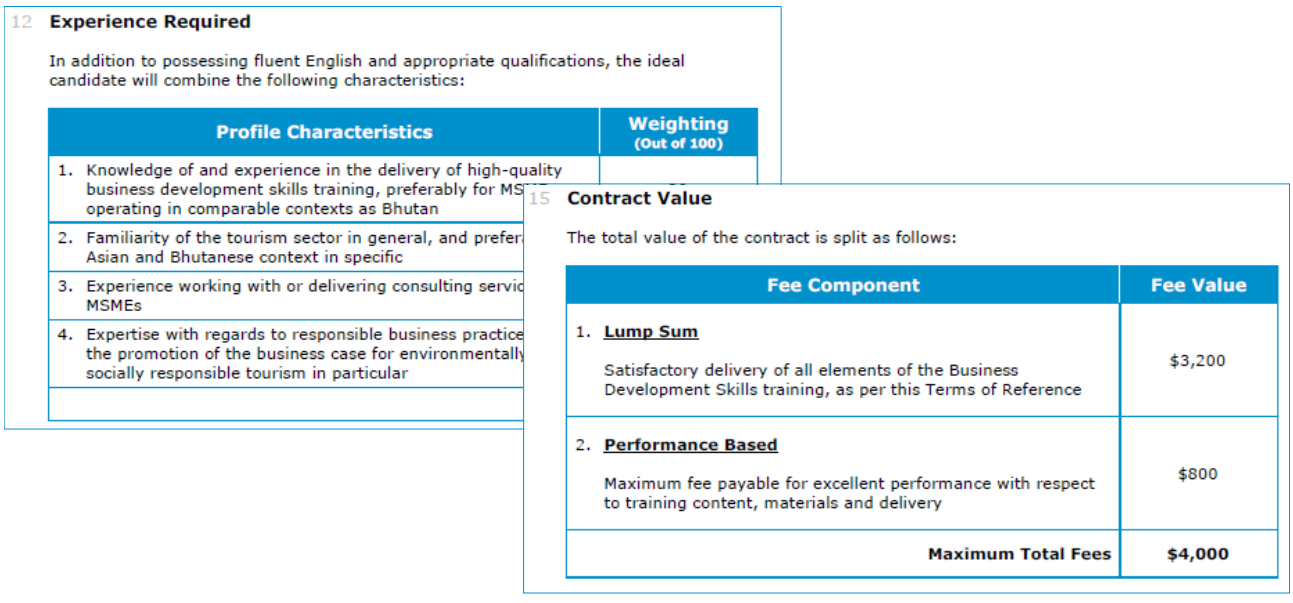
- sent to the UN Solutions Exchange web site (www.solutionexchange-un.net.bt), for distribution amongst all registered members in Bhutan; and
- sent directly to potential consultants and organisations that were identified as being potentially suitably qualified to undertake the scope of work.

In addition, the ToR for the international consultant was:

- registered on (www.devnetjobs.org) and the (www.ecoclub.com) web sites;
- distributed amongst relevant SNV networks; and
- forwarded to relevant external networks for their internal distribution.

In addition to extensive guidance in both ToRs regarding the expected quality of training content, materials and delivery, particular care and attention was undertaken to:

- develop a detailed scope of work;
- highlight the experience required for each consultant and associated scoring weighting; and
- incentivise high-quality performance through the allocation of a portion of contract value payable subject to consultant performance.



12 **Experience Required**

In addition to possessing fluent English and appropriate qualifications, the ideal candidate will combine the following characteristics:

Profile Characteristics	Weighting (Out of 100)
1. Knowledge of and experience in the delivery of high-quality business development skills training, preferably for MS… operating in comparable contexts as Bhutan	
2. Familiarity of the tourism sector in general, and prefer… Asian and Bhutanese context in specific	
3. Experience working with or delivering consulting servic… MSMEs	
4. Expertise with regards to responsible business practice… the promotion of the business case for environmentally… socially responsible tourism in particular	

15 **Contract Value**

The total value of the contract is split as follows:

Fee Component	Fee Value
1. **Lump Sum** Satisfactory delivery of all elements of the Business Development Skills training, as per this Terms of Reference	$3,200
2. **Performance Based** Maximum fee payable for excellent performance with respect to training content, materials and delivery	$800
Maximum Total Fees	**$4,000**

The selection of the 'Managing Finances and Accounts' module for delivery by a Bhutanese consultant/organisation was undertaken following the identification of a number of training organisations which possessed the necessary skills and expertise to deliver high-quality training in this area.

The ToR for the local consultant/organisation requires that the consultant attends the full duration of the entire Business Development Skills course, and is available to facilitate module sessions if

requested. This is intended as an opportunity for the local consultant/organisation to enhance their capacity, and potentially be in a position to deliver further elements of the BDS training should the course be repeated at a later date.

Future Key Activities

Future key activities will include the:

- selection of international and Bhutanese consultants;
- delivery of the BDS training;
- evaluation of training given (immediate); and
- evaluation of training impact (six months on).

3 Identification of Training Need

Tour operator name:	**Not applicable**
How many staff do you have (including yourself)?	1 person (self employed) =3 2 people =1 3 people =1 4 people =3 5 people =4 6 people =4 7 people =2 8 people =1 9 people =1 10 people =1 11-15 people =2 16-20 people = 21-25 people = 26-30 people = 31-35 people = 36-40 people = 41-45 people = 46-50 people = 51-60 people = 61-70 people = 71-80 people = 81-90 people = 91-100 people = 101+ people =
How many staff do you plan on nominating to attend the training?	No one =2 1 person =10 2 people =5 3 people =5
Do you think the cost contribution to the training (4,500 Nu. for non-ABTO members, 2,500 Nu. for ABTO members) makes the training:	Very expensive =1 Fairly expensive =6 Reasonable/fair =13 Fairly inexpensive =3 Very inexpensive =

PART B: Module Topic Selection

Module Options	Module Content Topics	Selection boxes
Office Management	1. Managing documentation, archiving and file referencing (including electronically)	20
	2. Recruiting staff	14
	3. Delegating work to staff	15
	4. Running a professional office	21
	5. Corresponding to and managing (e)mails	17
	6. Organising and maintaining vehicles/facilities/properties	15
	7. Liaising with relevant agencies	16
	8. Implementing tourism regulations	16
	9. OTHER SUGGESTIONS:	
Managing Finances and Accounts	1. Overseeing budget planning (with consideration also given to tourism seasonality impacts)	17
	2. Paying salary/allowances to staff	13
	3. Collecting payments	11
	4. Verifying bills	14
	5. Approving payments	13
	6. Filing taxes	20
	7. Disbursing dividends and shares	12
	8. Arranging payments (imprest and advances)	14
	9. Calculating expenses and profit/loss	21
	10. Submitting invoices	13
	11. OTHER SUGGESTIONS:	
Handling Tour Bookings and Hotel Reservations	1. Re-confirming flight schedules	12
	2. Booking flight seats	13
	3. Re-confirming clients' visits	17
	4. Purchasing air tickets	14
	5. Arranging accommodation and transport	14
	6. Negotiating fair terms and conditions with hoteliers, travel agents, and clients on costs and rates	21
	7. Processing visas and permits	10
	8. Sending tickets/necessary documents to clients	12
	9. OTHER SUGGESTIONS:	
Promoting Environmentally and Socially Responsible Tourism	1. Understanding the business case for environmentally and socially responsible tourism, and responsible entrepreneurship more generally. Particular consideration given to the Bhutanese context and identification of practical examples. Will also briefly address how responsible tourism may bring marketing and promotion benefits.	19
	2. Informing clients on government regulations and policies	15
	3. Advising cooks, guides and staff on waste management	16
	4. Instructing clients/staff to respect local cultures	15
	5. Working with other stakeholders to improve the 'ethical performance' of the tourism sector as a whole	18
	6. Organising entertainment programs by local communities	13
	7. Carrying out cleaning campaigns	14
	8. Evaluating current company performance, and identifying opportunities for improved performance in future	19
	9. OTHER SUGGESTIONS:	

Managing Tours	1. Building a good working relationship with guides to ensure mutual benefit	18
	2. Providing checklists to guides	17
	3. Briefing guides on company polices and dos and don'ts	18
	4. Checking clients' arrival at their respective destinations	16
	5. Consulting guides on the well being of clients	17
	6. Updating guides on new developments (weather forecasts, roads etc.)	18
	7. Handling emergencies	18
	8. Arranging cultural programs/entertainment	13
	9. Hosting dinners/cocktails	12
	10. Abiding by labour laws	11
	11. OTHER SUGGESTIONS:	
Customer Service	1. Key elements of customer service	19
	2. Using customer service as a method of differentiating yourself from your competitors	19
	3. Identifying the nature of complaints	15
	4. Resolving problems	16
	5. Obtaining and evaluating feedback from clients, staff and others	17
	6. OTHER SUGGESTIONS:	
Upgrading Skills and Knowledge	1. Holding productive discussions and meetings internally	16
	2. Sharing experiences	17
	3. Undertaking exposure trips	17
	4. Collecting feedback from clients, staff and others	15
	5. Conducting training programs	20
	6. Improving time management	16
	7. OTHER SUGGESTIONS:	
Developing Human Resources	1. Identifying training needs	18
	2. Arranging staff development training	17
	3. Selecting candidates	12
	4. Signing contracts with candidates	15
	5. Cross-checking training programs	13
	6. Assessing benefits of trainings	15
	7. Reviewing performance	17
	8. Teambuilding activities	15
	9. Developing staff welfare/incentive schemes	20
	10. Implementing incentive schemes	15
	11. Orienting staff on company guidelines and policies	16
	12. OTHER SUGGESTIONS:	
Other Module Option/ Topic Suggestions	1. PLEASE ENTER ANY OTHER MODULE OPTIONS OR MODULE TOPIC SUGGESTIONS BELOW:	
Module options are largely based on the 'Occupational Profile for Tour Operator' document developed by the Department for Occupational Standards, Ministry of Labour and Human Resources (2006)		

PART C: Module Selection

	Module Options	Selection
Which are the three most important module options?	Office Management	11
	Managing Finances and Accounts	15
	Handling Tour Bookings and Hotel Reservations	6
	Promoting Environmentally and Socially Responsible Tourism	9
	Managing Tours	12
	Customer Service	10
	Upgrading Skills and Knowledge	10
	Developing Human Resources	3
Which are the three least important module options?	Office Management	7
	Managing Finances and Accounts	5
	Handling Tour Bookings and Hotel Reservations	11
	Promoting Environmentally and Socially Responsible Tourism	5
	Managing Tours	7
	Customer Service	5
	Upgrading Skills and Knowledge	4
	Developing Human Resources	8

4 Registration Form

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2. Complete the form by entering text and making selections as appropriate.
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Date	Action
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PART A: Tour Operator Details

Tour Operator Details	
Tour operator name:	Please enter your company name here
Have you paid your ABTO membership fee in full?	
How many staff are you nominating to attend the Business Development Skills training?	
Cost contribution required: (see table below)	Nu.

Tour operators that have not paid their membership fee in full but who wish to benefit from the membership savings below may do so only if they first become a fully paid-up ABTO member.

Number of Participants	Total Cost Contribution Due (Ngultrum)		
	Paid-up ABTO Member	Non-ABTO Member	Membership Saving
1	2,500	4,500	**44%**
2	5,000	9,000	
3	7,500	13,500	

PART B: Nominated Participant(s)

Please fill in the details of each participant being nominated to attend the training.

FIRST Nominated Participant's Details		
1	Name:	Please enter the participant's full name here
	Position/designation:	Please enter the participant's job title here
	Email address:	Please enter the participant's email here
	Work telephone number:	Please enter the participant's phone here

SECOND Nominated Participant's Details		
2	Name:	Please enter the participant's full name here
	Position/designation:	Please enter the participant's job title here
	Email address:	Please enter the participant's email here
	Work telephone number:	Please enter the participant's phone here

THIRD Nominated Participant's Details		
3	Name:	Please enter the participant's full name here
	Position/designation:	Please enter the participant's job title here
	Email address:	Please enter the participant's email here
	Work telephone number:	Please enter the participant's phone here

For ABTO office use only:	Tick when complete (√)
1. Email acknowledgement sent to tour operator to confirm receipt of registration form	YES
2. Payment status of membership fee on form versus that recorded in database confirmed	YES
3. Cost contribution payment received in full	YES

5 Training Programme

Pre-training

Delegates will receive joining instructions with learning objectives for each module, along with a series of preparatory exercises to prepare case studies and conduct an assessment of their current business practices.

Training

The Business Development Skills modules will cover all topics identified by the audience, although some will be covered in more depth than others.

All delegates will be encouraged to draw on their own individual experience to bring practical and relevant examples to the group for 'hands on' discussion and constructive criticism. Examples will be brought from other countries to 'break the ice'. Delegates will be encouraged to actively focus on and contribute to the group, rather than referring to notes and manuals.

If necessary, breaks will be extended to promote networking and facilitate group cohesion. Similarly, the programme may be varied from day to day to address any additional requirements that emerge.

Everything will be about building and enhancing the capacity of Bhutan's tour operator businesses to create and manage distinctly Bhutanese products and services that are both highly marketable and sustainable.

Day 1 – Monday			
0900	0930	REGISTRATION	
0930	0940	**Introductions (ABTO)**	
0940	1040	Session 1	Setting the scene understanding expectations
1040	1100	COFFEE	
1100	1300	Session 2: **Promoting Environmentally and Socially Responsible Tourism** • Making the business case for responsible tourism • Understanding the market opportunity and added value of sustainable tourism	Introduction: Global context and local opportunity
1300	1400	LUNCH	
1400	1520	Session 3: *Continue with 'Promoting Environmentally and Socially Responsible Tourism'*	'Holiday' ice breaker Case studies
1520	1540	COFFEE	
1540	1700	Session 4: *Continue with 'Promoting Environmentally and Socially Responsible Tourism'*	Programme planning

Day 2 – Tuesday			
0900	1050	Session 5: *Continue with 'Promoting Environmentally and Socially Responsible Tourism'*	Marketing the supply chain
1050	1110	COFFEE	
1110	1300	Session 6: **Managing Tours** • Making stakeholder partnerships more productive • Top 10 tips – and other useful checklists • Assessing current practices • Managing the unexpected	Supply chains
1300	1400	LUNCH	
1400	1520	Session 7: *Continue with 'Managing Tours'*	Assessments
1520	1540	COFFEE	
1540	1700	Session 8: *Continue with 'Managing Tours'*	Pricing and revenue management

Day 3 – Wednesday			
0900	1050	Session 9: **Managing Finances and Accounts (Synergy Human Dynamics)** • Accounting concepts & principles, difference between accounts and finance, Process of budgeting, Fundamental of accounting equation, Analysis of accounting equation for accounting Dr/Cr.rules.	Lecture, demonstrations, discussion and Traffic Police exercise relating to Dr/CR rules
1050	1110	COFFEE	
1110	1300	• Session 10: Business Transaction Analysis using sample transactions and TA forms: Sample transactions includes (treatment to different types of receipts & accrual of incomes & disbursement & accrual of expenses), Maintaining important books of accounts: (cash book, General Ledger & sub-ledger Balancing),	Lecture, demonstration, discussion, individual exercise and game on identification of period accounts and ongoing/carried forward items
1300	1400	LUNCH	
1400	1520	• Session 11: preparing Trial balance, profit and loss accounts and Balance sheet. • Reading and interpreting Balance Sheet figures • Understanding on importance of cash flow statement in business, Process of declaration of dividends, importance of reserve & surpluses.	Lecture, demonstration and discussion
1520	1540	COFFEE	
1540	1700	Session 12: **Office Management** • Maintaining information systems • Managing an office • Communicating effectively	'Geese' video and discussion

Day 4 – Thursday			
0900	1050	Session 13: *Continue with 'Office Management'*	Partnerships
1050	1110	COFFEE	
1110	1300	Session 14: *Continue with 'Office Management'*	'Trust'
1300	1400	LUNCH	
1400	1520	Session 15: **Customer Service** • Learning from customers • Marketing difference • Listening and CRM	'Communication'
1520	1540	COFFEE	
1540	1700	Session 16: **Upgrading Skills and Knowledge** • Learning from each other • Running effective study tours • Managing change	'SMART' objectives

Day 5 – Friday

0900	1050	Session 17: *Continue with 'Upgrading Skills and Knowledge'*	Action Planning
1050	1110	COFFEE	
1110	1300	Session 18: *Continue with 'Upgrading Skills and Knowledge'*	Presentations and feedback (with live internet)
1300	1400	LUNCH	
1400	1500	Session 19: *Continue with 'Upgrading Skills and Knowledge'*	Lessons learnt
1500	1530	Evaluation	
1530	1600	Awards Ceremony Closing Remarks (ABTO)	
1600		CLOSE	

Post-Training
To add value to the programme, Benjamin Carey (Dunira) will work with ABTO and SNV in the week before the training to devise a way to ensure that delegates' Action Plans (see Session 17) remain valid and are progressed. These individual plans will be a primary output for each delegate; their implementation will become a key objective.

6 PART I: Tour Operations Related Issues

6.1 Learning Methodologies

Environmentally and Socially Responsible Tourism
Learning Objectives:

- The business case for responsible tourism
- The market opportunity and added value of sustainable tourism
- How to conduct a SWOT analysis
- How to access relevant distribution channels

Exercises
Assessing the Sustainability of Bhutan
This exercise uses a 'SWOT' tool to help participants evaluate how marketable Bhutan is and can become as a sustainable tourism destination.

In order to sustain and enhance a destination, tour operators need to have a thorough knowledge of their existing mix of products and distribution channels, understand how effective they are, to which markets they are most relevant, and how their value can be enhanced to facilitate more sales, especially by building on the sustainability aspects of the destination.

Success requires an understanding of those areas where you are strong and those in which there is room for improvement. Good operators build on their strengths, correct weaknesses and protect against vulnerabilities and threats. *Conducting this sort of assessment will help you to understand more about your operating environment and spot new opportunities faster than your competitors.*

Strengths are attributes that are helpful to achieve objectives. They have to be maintained, built upon, or leveraged.

Weaknesses are attributes that have the potential to harm or undermine the achievement of objectives. They need to remedied or stopped.

Opportunities are conditions that are conducive to the achievement of objectives. They need to be prioritised and optimised.

Threats are conditions that represent a risk to the achievement of objectives. They need to be mitigated.

The value of a SWOT analysis is in helping to understand how individual items can move between quadrants (see below). For example, every weakness represents an opportunity to improve. Or, an opportunity can also be a threat, because it can divert a business away from its core activities etc.

A SWOT analysis also offers an opportunity to explore your **core competences**. These are those capabilities that are distinctive and *provide your business with a sustainable competitive advantage over your competitors and contribute to acquiring and retaining customers.*

Items included in a SWOT analysis must themselves be 'changeable', permit mitigation or represent a focus for other attributes that can be changed or repositioned. They must be 'important enough' to be a point of difference or have the potential to make a difference.

Strengths	Weaknesses
Opportunities	Threats

Another useful and related tool is a 'PEST' analysis, which uses the following grid:

Political	Economic
Social	Technological

Learning from the Best

How would you improve this product provided by Happy Dragon Tours?

Existing product	Possible improvements?
ARRIVAL: Six British tourists arrive at PBH airport and are picked up in a luxury 28 seater coach, which keeps the engine running whilst waiting so that the AC is on.	
BRIEFING: Coach driver tells the tourists about HDT's sustainable tourism policies.	
WELCOME DRINK: Choice of export quality Indian mango juice or Thai beer.	
HOTEL: All rooms very welcoming, illuminated with 150W light bulbs throughout.	
BATHROOMS: Environmental policy notices about towels not been changed every day.	
DINNER: Choice of Chinese or Italian cuisine.	

RAFTING: Same luxury bus provided for transfer to Central Bhutan. Guides travel separately from Thimphu. No helmets provided, as river level is unusually low. Cooks arrive in the evening from Thimphu to prepare hamburgers and fries. Tourists pick blue poppies as souvenirs. Garbage buried under stone.	
TREK: Local horses hired for Nu. 300 per day to support high mountain trekking. No special kit provided for their guides, as their clothing is more 'traditional'.	
GUIDE: HDT's tour leader has not been on this particular trek before, but is very enthusiastic, especially about the 23 year old blond woman from London!	
CITY HOTEL: New luxury hotel built to European standards with large indoor swimming pool and AC in all rooms. Food and drink flown in from India and Thailand. Domestic staff paid minimum wage to keep costs down for guests.	
GIFTS: Tourists bring sweets for children they meet en route; guides help them distribute the 'gifts'.	
... the tour continues with HDT.	

Meeting Requirements; Communicating Strengths

In order to register with 'responsible' retailers and partners, you need to be able to communicate your strengths by *mapping what you do against their criteria*.

Thinking about your own company's operations, how much of this form can you complete? What would you need to change in order to fulfil all the requirements?

Policy and practice requirements ('Prospective members need to demonstrate that their policy and practice meet the responsibletravel.com minimum standards. Each prospective member therefore needs to provide the following:')	**How your company meets these**
Policy and Procedure 1.1 A copy of the company's responsible travel policy 1.2 Written confirmation that the company policy has been provided to staff, destination suppliers and travellers 1.3 Written confirmation that the company has a procedure for responding to travellers complaints and suggestions concerning responsible travel practices	
Environmental Policy 1.1 Evidence of 1 initiative to reduce waste, and evidence that the company policy requests waste management practice of suppliers (reduce-reuse-recycle) 1.2 Evidence that travellers are provided with suggestions for how to reduce water use in their destinations 1.3 Evidence that travellers are provided with relevant suggestions to minimise damage to the environment, wildlife and marine ecosystems 1.4 Evidence that the company provides suggestions for destination visits to appropriate local projects with direct or indirect environmental benefits. This is an essential requirement for all trips published on responsibletravel.com	
Social Policy 1.1 Evidence that travellers are provided with accurate pre-trip information on the social and political situation in each destination 1.2 Evidence that travellers are provided with suggestions of ways to minimise negative impacts on local cultures 1.3 Evidence that the company policy requests destination suppliers to ensure that a local guide accompanies all group visits to local communities 1.4 Evidence that the company provides suggestions for destination visits to appropriate local social projects with direct or indirect benefits to the host community. This is an essential requirement for all trips published on responsibletravel.com	

Economic Policy 1.1 Evidence that the company policy requests destination suppliers to employ local people wherever possible 1.2 Evidence that the company policy requests destination suppliers, where local standards permit, to make use of local produce, manufacturers and other services 1.3 Evidence that travellers are provided with pre-trip suggestions of local services that provide local community benefits (e.g. restaurants, guides, shops, craft markets)	

Managing Tours

Learning Objectives

- Making stakeholder partnerships more productive
- Enhancing supply chains
- Framework for effective management
- Value assessments
- Crisis management
- The role of pricing and revenue management

Exercises

Successful Tours

Thinking about your most successful tour, briefly describe it and then answer the following questions:

1. In what way(s) do you consider it to be successful?
2. What makes it:
   - distinctive
   - popular
   - profitable
3. How did the product emerge? Describe the history of its evolution.
4. What has been done to engage different stakeholders in its design and delivery? And What has been the benefit of this approach?

Handling Emergencies

First, define an 'emergency'. Explain your reasoning.

Next, thinking about the worst crisis you've ever had to deal with, briefly describe it and then answer the following questions:

1. What did you do?
2. Why did you do this?
3. What was the advantage and benefit of this approach?
4. What did you learn from the experience? What did you do as a result?
5. What would you do differently next time?

Office Management

Learning Objectives

- Good data management
- Business management
- Effective communication
- What animals do best

Exercises

Business Review

Thinking about your own business practices, consider the following questions:

1. How do you measure success for your business?

2. What is your proudest achievement?
3. How do you obtain customer feedback? What do you do with it?
4. How do you reward good work? How do you deal with failure?
5. What are you good at? Where is there room for improvement?
6. How do you introduce new systems? How do you manage change?

Using E-mail

True or false? Explain your reasoning.

(a) It's OK to respond to every email in English.
(b) When you're in the office, you should always have your email set to download.
(c) One week is an acceptable response time.
(d) Using CAPITALS is useful for adding emphasis.
(e) It's best to keep everything in your Inbox.
(f) A gmail, hotmail or yahoo email address demonstrates independence.
(g) You should carbon copy your emails to everyone in your company.
(h) If you're upset by an email you've received, it's best to respond immediately.
(i) You should never amend the subject line.
(j) An email is always better than a phone call.

Customer Service

Learning Objectives

- Active listening
- How to use feedback
- The role of Customer Relationship Management

Exercises

The Value of Loyalty

Thinking about marketing and operations, rank the following events from the most (1) to least (12) in terms of actual financial costs:

1. Gaining a new customer (rank = _____)
2. Losing a customer (rank = _____)
3. Satisfying an existing customer (rank = _____)
4. Disappointing an existing customer (rank = _____)
5. Exceeding a customer's expectations (rank = _____)
6. Resolving a customer's complaint (rank = _____)
7. Ignoring a customer's complaint (rank = _____)
8. Securing a new contract with a local supplier (rank = _____)
9. Paying a supplier six months late (rank = _____)
10. Securing a new contract with a European tour operator (rank = _____)
11. Losing a contract with a European tour operator (rank = _____)
12. Facilitating the helicopter rescue of an injured trekking customer (rank = ____)

Upgrading Skills and Knowledge

Learning Objectives

- Change management
- Action planning
- Study tours
- The value of networking

Exercises

Getting SMART

S	**M**	**A**	**R**	**T**
SPECIFIC	MEASURABLE	ACHIEVABLE	RELEVANT	TIME-BOUND

A business needs to grow and adapt, if it is to remain viable and survive. Therefore, in order to achieve positive change for your business, what actions:

- Do you need to take personally?
- Do you need to take in collaboration with others?
- Do you need to encourage other stakeholders to take?

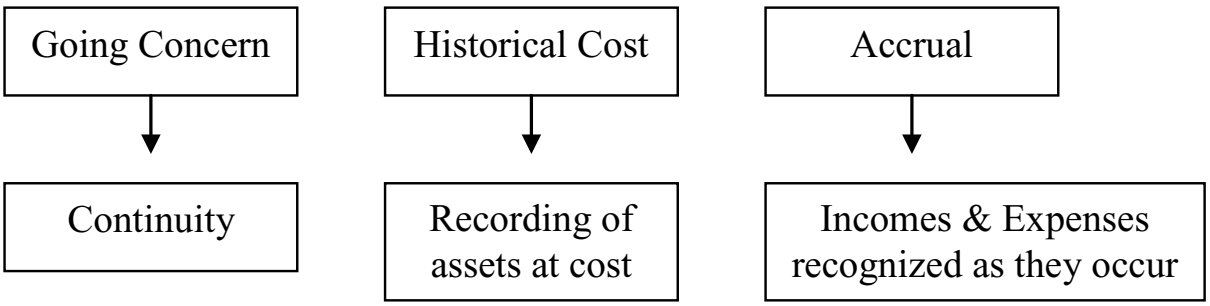
What is the reason? What is your objective?
How will you achieve this objective?
How will you measure success?
How will you mitigate risks?
How will you influence and inspire others?
What support do you need? Why do you need this?

7 PART II-Financial Aspect for Tourism

7.1 Managing Finance and Accounts

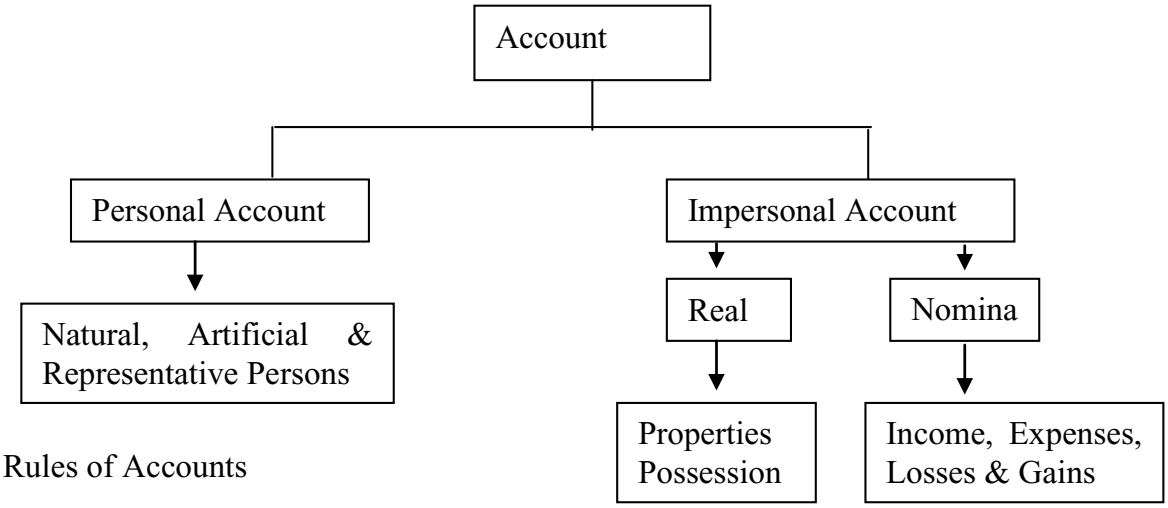
7.1.1 Fundamental Concepts of Accounting

- Objective: Legal and fiduciary perspective- "true and fair view"
- Accounting Concepts are basic assumptions or conditions of accounting. Three most important Accounting Concepts:

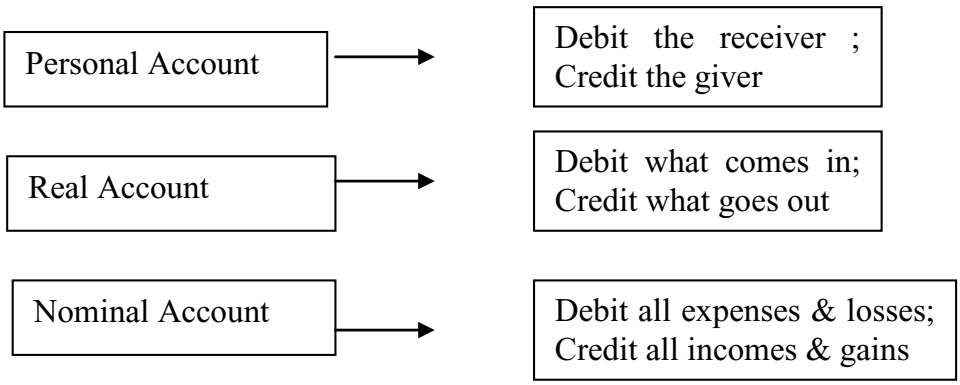


7.1.2 Concept of Double Entry System

Classification of Accounts



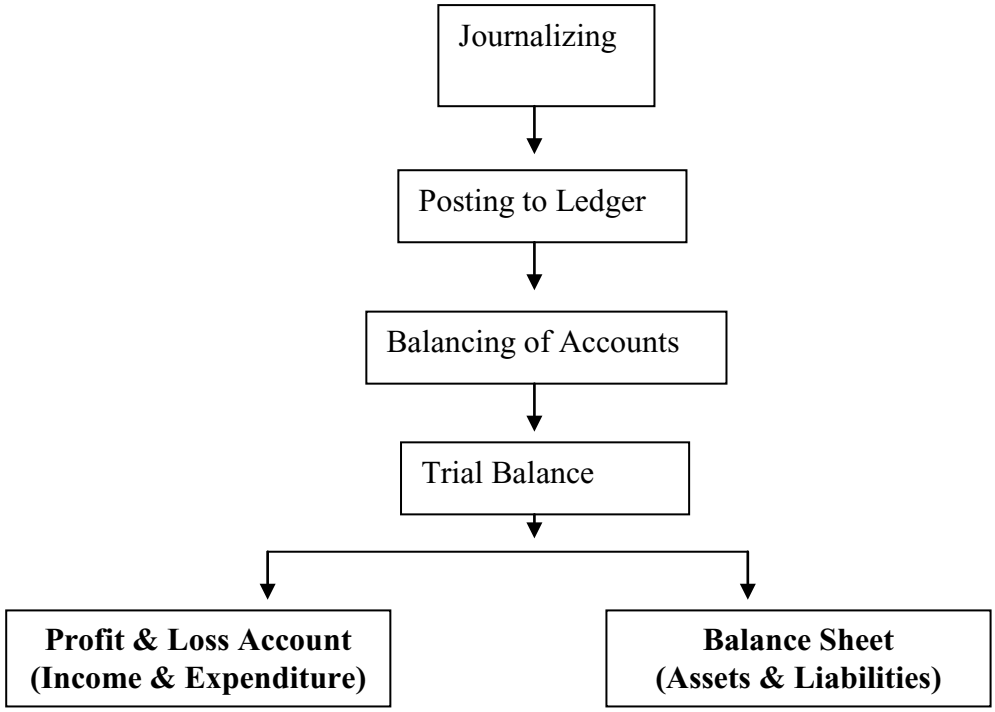
Golden Rules of Accounts



Golden Rules of Accounts
Modern Rules for Debit & Credit

Assets Dr. increase; Cr. Decrease; normally Dr. balance.
Expenses Dr. increase; Cr. Decrease; normally Dr. balance.
Liabilities Cr. Increase; Dr. decrease; normally Cr. Balance
Capital Cr. Increase; Dr. decrease; normally Cr. Balance.
Revenue Cr. Increase; Dr. decrease; normally Cr. Balance

Flow Diagram – Recording a Transaction



7.1.3 Journals

Example

Examples – Journal Entries

In the books of XPC
General Journal

Date	Particulars	Ledger Folio	Debit Nu.	Credit Nu.
2001 March 1	Mr. X Consumer A/c Service Connection Fees (Connection fees provided on credit – consumer bill 100 dated 1 March 2001)	5001 1035	50	50
March 2	Rent Expense Current Account (Rent paid for the period 1/3/01 to 30/4/02 – cheque no 20005)	3201 5540	50,000	50,000

Table of contents

Notes:

- Chronological order
- Narration containing reason for entry and making reference to documentary evidence
- Folio column provides link between journal and ledger by providing account code
- Ledger entry will cross reference to journal by including the folio number of the journal

Exercise

XPC chart of accounts includes the following accounts

Revenue	Electricity Sales
Expenses	Electricity Purchases
	Rent
	Salaries
	Interest Paid
Assets	Bank
	Accounts Receivable
	Inventory
	Plant and Equipment
	Capital Work in Progress
Liabilities	Accounts Payable
Owners Equity	Issued Capital

Record the following transactions in the Journal of XPC for the month of March 2001. (You don't need to use folio references):

		Nu.
March 1	40,000 shares were issued at Nu.10 each for cash	400,000
March 2	Bought plant and equipment for credit	150,000
March 3	Purchased electricity for credit	40,000
March 4	Billed Mr. Tshering for electricity	1,000
March 6	Purchased inventory for cash	4,500
March 7	Collected cash from Mr.Tshering	1,000
March 10	Paid DOP 50% of what is owing	75,000
March 13	Paid CHPC in full	98,400
March 18	Billed Y Industries for electricity	70,000
March 29	Paid rent by check	10,000
March 31	Paid interest to DOP in cash	150
March 31	Inventory transferred to construction of power plant	2,000
March 31	Paid Salaries in cash	99,000

7.1.4 Ledger

Example

Examples – Ledger Entries

Cash Account

Number:

Date	Particulars	Jnl Folio	Debit (Nu)	Date	Particulars	Jnl Folio	Credit (Nu)
2001 Mar 1	 Electricity Sales		40,000	2001 Mar 6 Mar 9 Mar 26	 Inventory Rent Salaries		 4,500 2,000 15,000

Notes:

- An account is established for each item e.g. Cash Account, Salaries, Fixed Assets, etc. The account may have a number. This may appear as a page in a book, a card in a file, a storage area within a computer, or in any other convenient form. The collection of accounts is called the Ledger.
- This form of Ledger is known as the 'T Account'.
- The process of transferring the transactions from the journal to the ledger is called "posting". This is done in chronological order.
- The particulars column holds the description of the account with the opposite side of the entry.
- Jnl Folio column will hold the journal number
- The Debit is always on the left; the Credit on the right

Exercise

Post the journals of XPC (see exercise 1.4.2) into the Ledger.
Don't balance the accounts.

7.1.5 Adjusting Journal Entries

Make Adjusting and Reversing Journal Entries

The application of the accounting principles give rise to a situation where various adjusting journal entries must be made at period end. These adjustments recognize

- Prepayments
- Accrued Expenses
- Accrued Revenue
- Revenue in Advance
- Bad and Doubtful Debts
- Obsolete and Stow Moving Stock
- Depreciation
- Appropriation of Profits
- Reserves

Examples

The Principles Applied – Prepayments

- Definition: a payment is made in the current period for items that will benefits a future period
- Examples: rent paid in advance, stocks of stationery,
- Worked Example:
  - BPC's financial year ends on 30 June. BPC pays insurance on its buildings on 1 Jan 2001 of Nu.100,000 for the year 31 Dec 2001.
  - What is the amount of the prepayment, assuming benefits from Insurance expenses evenly over time? Nu,100,000/12 months x 6 months (Jul to Dec)

    = Nu.50,000
  - What is the adjusting journal entry at year end?

Dr: Prepaid Insurance (asset)	50,000	
Cr: Insurance Expense		50,000

The Principles Applied - Accrued Expenses

- Definition: Expenses incurred during the current period, which have not been paid.
- Examples: wages owing, rent due.

- Worked Example:
  - BPC pays staff salaries at the end of each week for the previous week's work. Salaries for week ending 30 June are Nu.400,000.
  - What is the amount of salaries to be accrued?
    Week's to 30 June = Nu.400,000
  - What is the adjusting journal entry at year end?

Dr: Wages expenses	400,000
Cr: Sundry accruals	400,000

The Principles Applied – Accrued Revenue

- Definition: revenue has been earned during a period but cash has not been received.
- Examples: credit sale, interest due on loan.
- Worked Example:
  - BPC has loaded an employee Nu.10,000 4% per annum. The loan was made on 1 Jan and year end is 30 June.
  - What is the amount of revenue to be accrued?
    10,000 X .04 X (6/12 months) = Nu.200
  - What is the adjusting journal entry at year end?

Dr: Interest Receivable (asset)	200
Cr: Interest Revenue	200

The Principles Applied – Bad and Doubtful Debts

- Definition: where revenue have been recognized and the consumer fails to, or there is a chance the consumer will fail to, pay in a future period.
- Worked Example, Doubtful Debts:
- BPC has noticed that 5% of consumers who are given credit are failing to pay their accounts. Sales in June were Nu.100,000, of which 80% were credit sales.
  - What amount should be provided for doubtful debts?
    (100,000 x 80%) x 5% =Nu.4,000
  - What is the adjusting journal entry?

Dr: Bad and Doubtful Debts	4,000
Cr: Provision for Doubtful Debts	4,000

The Principles Applied – Depreciation

- Worked Example, Straight line method:

  - On 1 Jan 2001, a vehicle is purchased for Nu. 36,000. it is expected to have a three year life, after which it will be sold for Nu. 6,000.
  - What amount should be provided for depreciation each year?
    = (cost – sale/scrap) estimated life
    (36,000 – 6,000) 3 years = Nu. 10,000 for each year
  - What is the adjusting journal entry?

Dr. Depreciation expense	10,000
Cr. Provision for Depreciation	10,000

The Principles Applied – Appropriation of Profits

1. Definition: distribution of the retained profits within a company
2. Examples: Income tax, dividends, reserves
3. Worked Examples, Income Tax:

- At the end of the financial year, BPC estimate income taxes to be Nu. 1,000,000
- What is the adjusting journal entry required?

Dr. Income Tax expense	1,000,000
Cr. Taxation Payable	1,000,000

Exercise

XPC chart of accounts includes the following accounts:

Revenue	Interest Received
Expenses	Repairs and Maintenance
	Bad and Doubtful Dedts
	Depreciation
	Taxation
Assets	Prepayments
	Interest Receivable
	Provision for Doubtful Debts
	Provision for Depreciation
Liabilities	Accrued Expenses
	Provision for Taxation

Write up the adjusting journal entries for XPC at the end of March 2001. Round the figures to the nearest Nu. Then post the entries into the Ledger. (You don't need to use folio references).

Hint: Use the definitions in the above examples; the examples given are not exhaustive.

- The bank pays interest at 5% per annum on the first day after the end of the month. The accountant estimates the average bank balance for March to be Nu. 200,000.
- Rent of Nu. 10,000 was paid during March for the period 1 March to 31 May 2001.
- A general provision at 2% of the debtors balance is made. The balance at 31 March is Nu. 70,000.
- Depreciation is calculated at 10% per annum on a straight-line basis. Balance on 31 March is 150,000.
- Fix it Corporation started work on Monday 26th March to repair buildings. They charge Nu. 2000 per day and worked up to and including the Friday. XPC had not received an invoice at cut-off date.
- XPC estimate taxation to be Nu. 10,000.

Balancing of Ledger Accounts

- Accounts balanced periodically depending on frequency of reporting
- Technique:
  - Ensure both sides of the ledger add to the same total by placing the amount of the difference between the two sides on the smaller side as the balance to be carried down (c/d)
  - Balance is then written below the total on the other side as the balance brought down (b/d).

Example

Examples – Balancing the Ledger

Date	Particulars	Jnl Folio	Debit (Nu)	Date	Particulars	Jnl Folio	Credit (Nu)
2001 Mar 1	Electricity Sales		40,000	2001 Mar 6 Mar 9 Mar 26 Mar 31	 Inventory Rent Salaries Balance c/d		 4,500 2,000 15,000 18,500
			40,000				40,000
Apr 1	Balance b/f		18,500				

7.1.6 Trial Balance

Trial Balance

- A listing of the various ledger account balances.
- Checks the arithmetical accuracy of book-keeping as total of all Debit entries is equal to the total of all Credit entries.
- Generally prepared at the end of each month and definitely at the end of an accounting period.

Errors in Trial Balance

- Errors resulting in a Trial Balance that does not balance:
  - Omitting to post an entry to Ledger from any Books of Primary Entry
  - Posting an incorrect amount to a Ledger Account
  - Posting an amount on the incorrect side of Ledger Account
  - Errors in casting or balancing Ledger Accounts
  - Omitting to record the balance of any account in the Trial Balance

Errors in Trial Balance

- Errors in a Trial Balance that may go undetected:
  - Failing to record an entry at all
  - Incorrect recording of entries
  - Posting to the incorrect account
  - Failure to apply the fundamental concepts of accounting
  - Compensating errors – errors counterbalanced by another error or Errors of the same magnitude

Example

Example – Trial Balance

	Debit (Nu)	**Credit (Nu)**
Revenue		
Haircutting Revenue		210
Shaving Revenue		140
Expenses		
Rent Expenses	100	
Electricity Expenses	15	
Assets		
Bank	3,452	
Equipment	1,200	
Furniture	7,000	
Liabilities		
Accounts Payable		6,500
Owners Equity		
Capital		5,000
Drawings	83	
	11,850	**11,850**

- Head with name of company and "Trial Balance as at date"
- Organized into statement elements
- Debits and Credits must be equal

7.1.7 Account Reconciliations

Account Reconciliations

Process

- Collect ledger printout of the account and independent evidence
- Compare totals

- If totals do not match, match detailed items one by one
- Identify the differences and reasons for any differences
- Enter adjusting journals as necessary

Example
Example – Bank Reconciliation

Bank Reconciliation Statement as at 31 January 2001

Balance as per bank statement	3,014
Add Deposits not yet credited	20,000
	23,014
Less UnpresentedChques: number 430	3,000
Balance as per accounting records	20,014

7.1.8 Year End Close

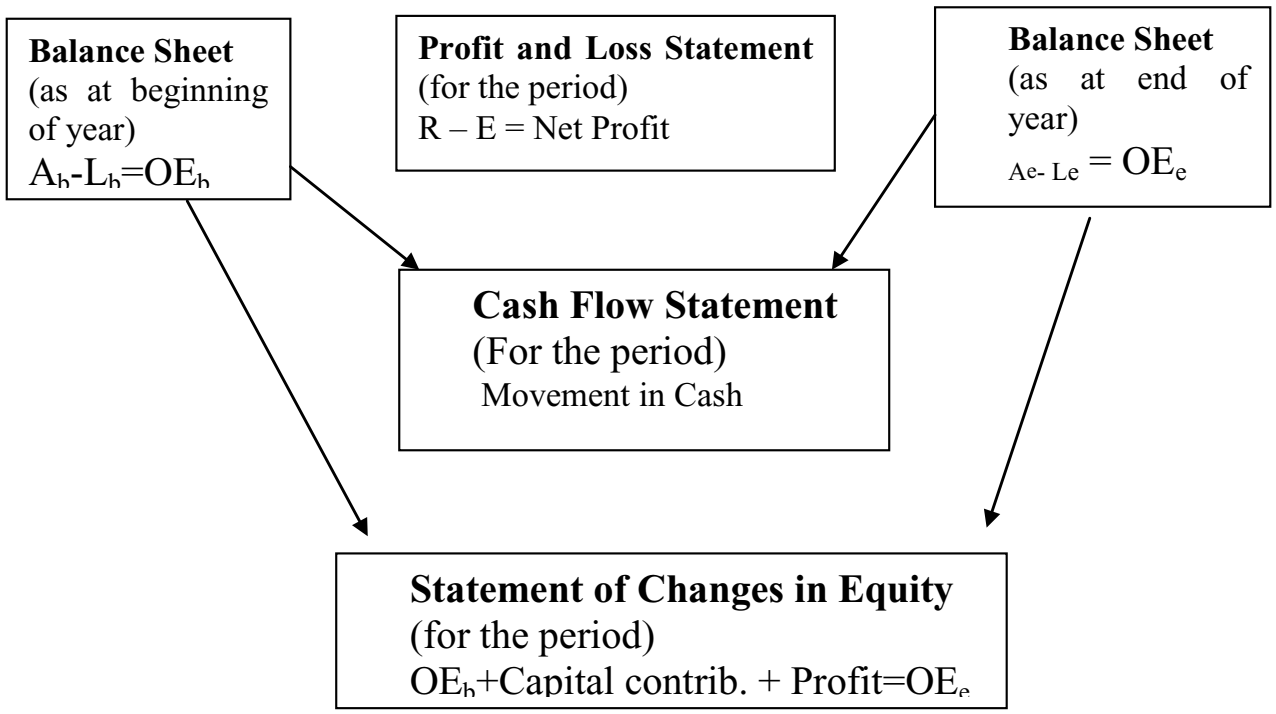
Year End Close

- Annual repots for shareholders, taxation return.
- Ledgers 'tidied up':
  - Adjustments such as depreciation and unpaid Accounts (see section on adjusting and reversing journal entries)
  - "Closing Entry" – ledger entry made to transfer the temporary revenue and expenses accounts to income summary account. ie: to the capital account.

Exercise
Write up the closing journal for XPC as at 31 March 2001

7.1.9 Financial Statements

Financial Statements Relationship



7.1.10 Income Statement

Example

From Tashi Inc'. Trial Balance for June 2001, calculate the following:

- Gross Profit
- Operating profit
- Net Profit After Tax

TASHI INC.

Trail balance as at 30 june 2001

Particulars	Debit (Nu)	Credit (Nu)
Sales		
Cost of Goods Sold	1,800,000	
Selling Expenses	600.000	
Administration Expenses	300,000	
Interest Paid	90,000	
Taxation	50,000	
Accounts Receivable	420,000	
Provision for Doubtful Debts		20,000
Inventory	300,000	
Buildings	800,000	
Plant and Equipment	500,000	
Accounts Payable		250,000
Bank Overdraft		100,000
Loan (Interest Rate 10%)		850,000
Issued Capital(200,000 Nu.3 shares)		600,000
Retained Profits		40,000
	4,860,000	4,860,000

Notes:

- A dividend of Nu.80,000 was paid
- Selling expenses include a lease charge for sales premises of Nu,100,000 per annum. The lease has ten years to run.
- The market price per share is currently Nu.4.80

7.1.11 Financial Analysis

Exercise – Financial Ratios

Lucky Dip – In groups, calculate the performance ratios for Tashi Inc. and analysis the companies area of performance. You should be prepared to report your findings and engage in discussion with the wider group.

Give special attention to:

- The result of your calculations
- Interpretation of outputs
- What you think a rise or fall in the measure would indicate, what may need further investigation
- Any problems you encounter

Remember financial analysis is not an exact science, is fall or subjectivity and has its limitations. There is no one answer as far as interpretation is concerned. Don't worry if you find this exercise difficult.

Profitability

Financial Ratios – Profitability

- Profitability determines investment returns and provides an indicator of the risk of bankruptcy.
- Gross Margin:
  - Return after cost of goods sold has been deducted from sales
- Component percentages for expenses:
  - Relative importance of the expense in earning profit
  - Change in component percentages over time may warrant further investigation
- Net Profit %:
  - = Net Profit/Revenue

Financial Ratios – Profitability

- Turnover:
  - Total asset turnover = sales / total assets
- Return on Investment:
  - Pure operating performance measure as it disregards the source of funds. Indicates whether the company is maintaining its profit margin and sales turnover over time.
  - EBIT/ total assets = earnings before tax/sales x sales /average total assets

Financial Ratios – Profitability

- Return on Ordinary Shareholders Funds
  - Takes into account funding. So a comparison with ROI shows the effect of leverage.
  - = Net Income earned for ordinary shareholders/ordinary SHF
  - The higher the equity, the higher the return
  - Effect of leverage can most easily the seen by breaking down the equation:

$$\frac{\text{Net Profit after interest and Tax}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Ordinary Shareholders Funds}}$$

Efficiency

Financial Ratios - Efficiency

- Operating efficiency refers to the ability of the company to manage its assets so that the maximum return is achieved for the lowest possible level of assets.
- Total Asset Turnover (see profitability)
- Inventory Turnover:
  - = Cost of goods sold/average (or year end) inventory

Financial Ratios - Efficiency

- Accounts Receivable Turnover:
  - = Gross credit sales/average (or year end) gross accounts receivable
  - Convert to
  - Average Collection Period
  - =360 (or 365)/accounts receivable turnover

Financial Stability

Short Term Liquidity

Financial Ratios – Financial Stability - Liquidity

Determines whether the company can pay its debts and the degree of risk arising out of its financial structure.

- Current assets Ratios
  - =Current assets/current liabilities
  - How well current liabilities are covered by current assets
  - Well covered is desirable

Financial Ratios – Financial Stability - Liquidity

- Quick Asset Ratio
  - Excludes less liquid current assets and less pressing current liabilities
  - =Quick assets/quick liabilities
  - Consider unused credit facilities, e.g. bank overdraft
- The liquidity ratios should be used in conjunction with the turnover ratios, i.e.: quality of current assets must be taken into account

Financial Structure and Long Term Solvency

Financial Structure

Financial Ratios – Financial Stability – Financial Structure

- A task of financial management is to balance maturity structures, e.g. long term debt should not be financed short term sources of funds
- Component Percentages show the maturity structure of assets and liabilities and the way the company is financed
- Funds Statements are useful:
  - Analyze sources of financing the year's activities
  - Long term use matched by long term sources
  - Shows how changes to the component percentages occur

Component percentages show Tashi Inc. has:

- Nearly twice as many long term assets (65%) as short-term assets (35%)
- Finance mostly long-term (82.5%)
- Sixty percent of finance raised by combination of short and long term debt.

Long Term Solvency

Financial Ratios – Financial Stability – Long Term Solvency

- Debt to Assets ratio:
  - =Total Debts/Total Assets
  - Total funds provided by creditors
- Debt to Equity ratio:
  - = Total Debts/Owners Equity
  - Measures quantity of bedt finance in proportion to shareholders funds

Financial Ratios – Financial Stability – Long Term Solvency

- Times Interest Earned:
  - Earning before interest and taxes/Interest charges
  - Minimum of 3:1 often considered desirable

- Fixed Charge Coverage Ratio:
  - EBIT and fixed charges/Interest and fixed charges
  - Important where a company leases a large proportion of assets

7.1.12 Pershare Ratios

Financial Ratios – Financial Stability – Companies with Shares

- Where a share is traded on the stock exchange, the analysis in the market will analyze the company and their collective judgment will be reflected in the share price. Associating the share price with the published reports gives insight into the markets judgment.
- Earnings Per Share:
  - =Profit earned for ordinary shareholders/number of ordinary shares
  - Not always true that an increasing EPS is a sign of a healthy company. ROI may be stable but increase in EPS can be achieved with the uses of leverage or by reinvesting profits.
  - Profit movements and changes is share price unconnected as share price is influenced by reinvesting future profitability and risk.

Financial Ratios – Financial Stability – Companies with Shares

- Share Prices:
  - Trend of share movement over time measures relative volatility of the share price and is useful indicator of company's riskiness.
  - Company's beta factor-measures the total volatility of returns (dividends and price movements) from a company relative to the total market.
  - Share price alone is poor basis for comparing companies as share price depends on company's market capitalization and number of shares on issue.
- Market Capitalization = market price per share x number of shares on issue
- Earnings Yield:
  - Relates earnings per share to market price of share
  - =(income earned/not of shares) (total market value of shares/no of shares)
  - =EPS/market price per share
  - Companies regarded highly when have share price and therefore low yield, expect high future returns.

Financial Ratios – Financial Stability – companies with Shares

- Price Earnings Ratio:
  - =Share Price / EPS
  - If earnings continue at their current level, then it will take this number of year to earn back the current share price.

- Estimated share price=price earnings ratio x earnings per share
- Dividends Per Share:
  - Measures cash flow from the investment
  - =Ordinary dividend / number of ordinary shares

Financial Ratios – Financial Stability – Companies with Shares

- Dividend Yield:
  - Measures divided component of investors' total returns (other returns being capital gains)
  - =Dividend Payout Ratio:
  - Measures level of dividend to level of earnings
  - =total ordinary dividend /total profits earned by ordinary shareholders

- Shows extend to which earnings can decline before dividends are threatened

Financial Ratios – Financial Stability – Companies with Shares

- Net Assets Per Share:
  - =Ordinary shareholders equity/number of ordinary shares
  - Limited application since assets are not measured at current selling prices.
  - Company in food health normally has share price in excess of book value because conservative valuation of assets, omission of internally developed goodwill, share market based on dividends and capital growth rather than book values

7.1.13 Accounting Implications For BPC

Extract from PWC's Training Workshop on Commercial Accounting Principles, July 2000 (ADB TA 2912)

As already discussed, the accrual systems of accounting is the basis of commercial accounting. Such a concept is different from the Cash system of accounting entries in the sense that under the Cash system entries are made only when Cash is received or paid; no entry is made when a receipt or a payment is due. On the other hand, when revenue and costs are recognized at the point they accrue i.e. they are earned or incurred rather than being recognized at the time of the collection or payment of cash, it is referred to as accrual basis of accounting. The accrual system is desirable on a commercial basis since it takes into account the transactions relating to the assets and liabilities as the occur irrespective of the actual receipts and payments. Hence the Accrual basis is necessary for preparing Annual Accounts on a true and a fair basis. If the Cash basis is followed in preparing Annual Accounts, it will give the distorted results in terms of Profit or Loss of a business for a particular period since:

- There may be certain expenses that do not pertain to the period but have been recorded as the payment has been made during the said period.
- There may be certain expenses that pertains to this period has not been recorded as the payment has not been made during the said period.
- Similarly there may be certain receipts/income, which do not pertain to the period but have been recorded as it has been received during the said period.
- There may be certain receipt/income that pertains to this period but has not been recorded as it has not been received during the said period.

For instance, at the end of May 2000 rent of Nu.5000 for the month of May 2000 becomes payable. But it is actually paid on June 12. The account of the concern are closed on 31st May 2000. If the concern follows the Cash basis of accounting, the rent expenses will be recorded in the next accounting period beginning from 1st June 2000 onwards. Hence actually it is an expenses for the accounting period ending May 2000 but finds its entry in the books only in the next accounting period i.e. June 2000 – May 2000 will be overstated.

The Cash basis of accounting may appear to be easy and inexpensive to operate. Experience however, shows that the Cash basis is inherently inaccurate and administratively unsatisfactory. It defeats the fundamental principle of accounting "that the accounts how reflect a true and fair state of affairs". The financial statements prepared by following the Cash systems is incapable of producing accurate results for the accounting period for which it is prepared.

Under the Accrual basis, revenues will be recorded at the point when their amounts become legally collectable and expenses will be recorded at that point when they become legal obligations, irrespective of the actual receipt or payment as the case may be. The Accrual system of accounting is desirable on a commercial basis as it follows the principle of matching the revenue earned/accrued

(and not revenue received) during a particular accounting period with the expenses incurred/accrued (and not the expenses paid) in relation to earning such revenue.

The accrual basis ensures that revenue accrued during a particular accounting period are matched with expenses that accrue in relation to earning such revenue, in order to ascertain true results. The expense accruing may be partly paid in cash and partly outstanding and similarly the revenue earned during the period may be partly realized in cash and partly outstanding. Thus, under the Accrual system, information regarding the repaid and outstanding expenses and also accrued revenue and revenue received in advance as on the opening and closing dates of the period, is to be gathered in addition to the expenses paid in cash and revenue received in cash. Adjustments then become necessary for earning such revenue. The adjusted expenses are matched with the adjusted revenue and the profit or loss is ascertained.

An example will make the difference between Cash and Accrual basis of accounting clearer.

A company sells merchandise costing Nu.1000 for Nu.1400 and Nu.600 for the cost has been paid in cash and balance Nu.400 is yet to be paid. Out of the sale proceeds, Nu.900 has been received in cash and the balance of Nu.500 is yet to be received. By these transactions the cash resource of the company has been increased by Nu.900 and decreased by Nu.600 i.e. there has been a net increase of Nu.300. In Cash basis of accounting Nu.300 is recognized as the profit. But as per the Accrual basis, the profit is the excess of revenue (received in cash and accrued) over the cost (paid in cash and accrued). In the above example profit according to the Accrual basis of accounting is Nu.1400 – Nu.1000 i.e Nu.400.

The Accrual basis of accounting as discussed above works on the matching concept i.e., expenses is matched with the revenue recognized in the period. When goods are delivered the selling price of such goods is recognized as the revenue of that accounting period during which such delivery takes place. The total cost that was incurred for the product delivered must be matched with this revenue. It is not only the manufacturing cost but also the administrative and the selling & distribution costs incurred in producing the revenue must be matched against the revenue earned. Let us consider an example below:

Let dispatch of goods worth Nu.1000 take place in the calendar year 1999 for a concern that follows a calendar year as its accounting period. Administrative costs amounting to Nu.200 were paid in cash in 1999 in producing the revenue. The manufacturing cost of the goods amounted to Nu.600 and was paid in 1999. The salesman who effected this sale was paid a commission of Nu.100 in advance in 1998. The matching is to be done of the total costs incurred Nu (200+600+100) against the revenue of Nu.1000 in the year 1999. The follows, therefore, that expenses are matched to revenues and not the other way round. Hence the revenue in any accounting period has to be firstly ascertained and then all expenses associated with such revenue has to be matched with such revenue.

Differences between Cash Basis & Accrual Basis of Accounting

Points of Difference	Cash Basis	Accrual Basis
1. User	Institutions with service motive or professional individuals calculate their profit or loss on this basis.	Business concerns with profit motive calculate their profit or loss on this basis.
2. Nature of Transactions	Organizations with mostly cash transactions prefer this basis. All receipts and all payments in cash during a particular accounting period are recorded irrespective of whether the transactions actually belong to the period or not.	Organizations with cash transactions and a considerable volume of credit transactions follow this basis. All income and expenses relating to a particular accounting period are recorded, whether these have been actually received or paid in cash or not.
3. Accuracy of Results	Cash basis of Accounting generally leads to inaccurate results unless and until the organization deals in cash transactions only. Actual Profit or loss cannot be ascertained, because proper matching of income and expenditure is not possible in this case.	Reasonable accuracy of the Profit or Loss can be claimed if the accounting is done under this method as actual expenditure during a particular accounting period can be compared with actual income. The comparison between actual income and actual expenditure of a period is called Proper Matching of incomes and expenditure.
4. Nature of Work	It is free from any personal bias and discretion of the accountant concerned.	Accrual basis is dependent partly on estimation of provision/expenses and on the basis followed by a concern from year to year.

7.2 Reading on Accounting

A Short Pencil Is Better Than Long Memory

Why to Learn Accounting

- Prepare Accounting Reports
- Use Accounting Reports

Primary Objectives of Accounting

- Accounting Records (PROOF)
- Results
- Financial Position

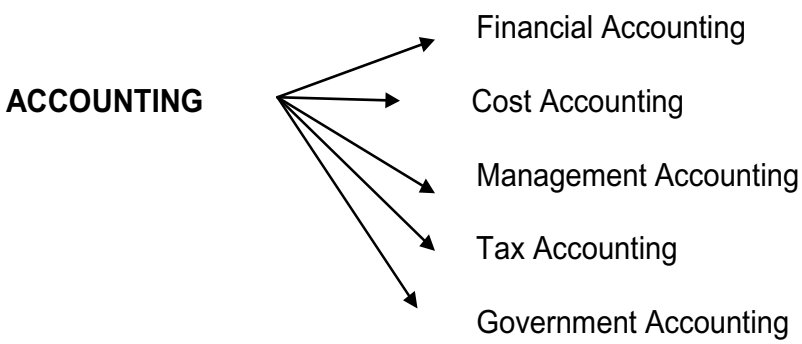
Accounting is the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information.

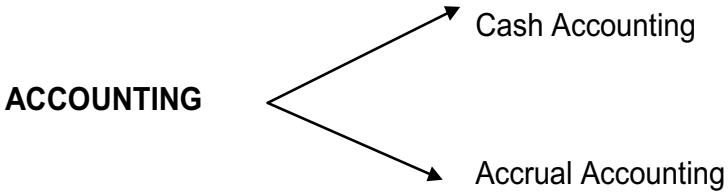
INPUT	PROCESS	OUTPUT
Economic events	* Recording	Information
Measured in	* Classifying	to
Financial terms	* Summarizing	users
	* Interpreting	(Internal & External)

Accounting may be defined as the process of recording, classifying, summarizing, analyzing and interpreting the financial transactions and communicating the results thereof to the persons interesting in such information.

Need for Accounting

- Language of Business
- Limited Memory
- Proof
- Statutory Requirement
- Decision Aid





Government Officers: Should They Learn Accrual Accounting?

- Government is approaching towards accrual accounting
- PSU follow accrual accounting
- Control the commercial sector
- Aid to decision making
- Better understanding of the subject
- Employees feel motivated

Users of Accounting Information

- Creditors
- Long term
- Short term
- Present Investor
- Potential Investors
- Employees
- Management
- Academic World
- Government
- General Public

Accounting Process

- Day Book
- Journal
- Ledger
- Trial Balance
- Final Accounts*
  - Trading A/c
  - P/L A/c
  - Balance Sheet
- Adjustments
- Subsequent Analysis

*For non-profit organizations the statements / accounts that are prepared include Receipts and Payment Account, Income and Expenditure Account and Balance Sheet.

7.2.1 Journalizing the Transaction

All transactions are done in the book called journal in a chronological order. The journal is also called the book of original entry as the transaction is first recorded in this book. The sample form of the journal is:

Journal

Date	Particulars	L.F	Dr. (amount)	Cr. (amount)

Note; L.F is a Ledger Folio. It indicates the page in the ledger where corresponding entries made in the journal could be found.

Compound Journal entry

Sometimes there are number of transactions on the same date relating to one particular account or of one particular nature. Such transactions may be recorded by means of a single journal entry instead of passing several journal entries. Such entry recording a number of transactions is called "Compound Journal Entry".

Illustration

Journalize the following transactions

2008

Jan	1	Mr. R started Travel Operation business with cash	Nu. 1,000,000
	2	deposited into bank	700,000
	3	Bought stock items for cash	200,000
	4	Received US $ 15000 equivalent local currency by Cheque from TAB for guests arrival (Forex Ex 1 $ =Nu. 49)	
	13	Paid hotels by cheque for guest accommodation	450,000
	20	Bought goods on credit from Shyam	225,000
	24	Paid Shyam Cash	215,000
	30	Paid gross Rent (deduct 5% TDS)	50,000
		Paid Gross Salary (deduct Salary Tax of 5%)	100,000
	30	Stock items reduced to	50,000

7.2.2 Ledger and Trail Balance

Ledger: Ledger is a book which contains various accounts or ledger is a set of accounts. It contains all accounts of the business enterprise. It may be kept in a form of Bound Ledger or Loose Leaf ledger. The format of the ledger is:

Account

Date	Particulars	Folio	Amount		Date	Particulars	Folio	Amount

Posting: The term "posting" means transferring the debit and credit items from the journal to their respective accounts in the ledger. It should be noted that exact names of accounts used in the Journal should be carried to the ledger. Posting may be done at any time. However, it should be completed before the financial statements are prepared. It is, however, advisable to keep the more active account posted to date. The Ledger Folio (L.F) column in the journal is used at the time when debits and credits are posted to the ledger. The page number of the ledger on which the posting has been done is mentioned in the L.F. column of the journal. Similarly, folio column in the ledger can also be kept to indicate the page in the Journal from which posting has been made.

Rules of Posting:
Rule 1. Separate account should be opened in the ledger for posting transactions relating to different accounts recorded in the journal.

Rule 2. The concerned which has been debited in the Journal should also be debited in the Ledger. The reference should be made of the other account which has been credited in the journal. For example, if Salaries is paid to the staff, salaries account should be debited but reference should be given to cash account which has been credit in the Journal.

Rule 3: The concerned which has been credited in the Journal Should be Credited in the ledger. As stated above, the reference should be given to the other account which has been debited in the journal.

Use of Words "To" and "By"
It is customary to use words "To" and "By" while making posting in the ledger. The word "to" is used with the accounts which appear on the debit side of a ledger account. Similarly, the word "By" is used with accounts which appear on the credit side of the ledger account. However, the words "To" and "By" do not have any significant meanings and modern accountants are ignoring the use of these words.

Balancing of an Account:
At the end of every period, the totals of debit and credit sides should be found out in order to find the net balance. This technique of finding out the net balance of an account after considering the totals of both debits and credits appearing in the account is known as the "Balancing the Account". The balancing figure is inserted in the account at the end and it indicates as the balance carried forward (c/f) or carried down (c/d) to the next period. On the other hand, in the next period the reference is given to indicate the balance which has been brought forward (b/f) or brought down (b/d) from the previous period.

Illustration 1
Journalise the following transactions, post them in the ledger and balance the accounts on 31st December, 2008.

1. Rinzin Started business win Nu. 1,00,000
2. He purchased goods from Mohan on Credit Nu. 20,000
3. He paid cash to Mohan Nu. 10,000
4. He sold goods to Sonam Nu. 20,000
5. He received cash from Sonam Nu. 30,000
6. He further purchased goods from Mohan Nu. 20,000
7. He paid cash to Mohan Nu. 10,000
8. He further sold goods to Sonam Nu. 20,000
9. He received cash from Sonam Nu. 10,000

Trial Balance
Trial Balance is a statement prepared by summing up the totals of debit and credit balances from the different ledger accounts. In other words, trial balance is the statement containing the various ledger balance on the particular date. The following is the format of the trial balance:

Trial Balance As on 31st December

Particulars	Debit (Amount)	Credit (Amount)

The two sides of the trial balance must tally. It means that the books of accounts are arithmetically accurate.

Objectives of preparing the trial balance

1. Checking the arithmetical accuracy of the accounting entries: Trial balance helps to check the arithmetic accuracy of the transactions. This is because according to the double-entry system of book-keeping, for every debit, there must be an equivalent credit in accounting transactions.
2. Basis for financial statements: Trial balance forms the basis for preparing the financial statements: Income statement and balance sheet.
3. Summarised Ledger: Since trial balance contains the accounting balances of the various ledgers, the entire ledgers are summarized in simple form.

Illustration 2
Prepare Trial Balance based on the information given in Illustration 1.

7.2.3 Practical System of Book Keeping

In the business, most of the transactions will relate to receipts and payments of cash, sale of goods and their purchases. It is convenient to keep a separate register for each such class of transactions – one for receipts and payments of cash, one for purchase of goods and one for sale of goods. A register of this type is called the "Sub-division of Journal" or the subsidiary books as they are the results of sub-division of Journal. Normally, the following subsidiary books are used in the business:

1. Cash Book to receipts and payments of cash, including receipts into and payments out of the bank.
2. Purchase Book to record credit purchases of goods and materials.
3. Purchase Return Book to record return of goods and materials previously purchased.
4. Sales Book to record sales of the goods dealt in by the firm
5. Sales Return Book to record the returns of sales made earlier

Aside from the above subsidiary books many other books of accounts are maintained by the business.

CASH BOOK

It is necessary and useful for the business to know the cash positions on hand or at bank. It is therefore, important to maintain cash book so that all the cash transactions could be reflected by the cash book. The Cash book itself serves as a cash account and bank account as the cash transactions are straightaway recorded in the cash book. The cashbook therefore, is itself a part of the ledger also. The cash book could be :

1. Simple cash book consisting of just receipts and payments columns along with the L.F column.
2. The Double-column cash book consisting of discount column and amount(cash) column along with other columns,
3. Triple-Column cash book consisting of bank cash and discount column, and petty cash book

Contra Entry: Triple –Column cashbook contains columns for both cash and bank transactions. Sometimes it happens that transaction involves both cash and bank transactions. Since in the ledger, there are no separate cash account and bank account, no posting will be done from the cashbook to the ledger in case of such a transactions. Such transactions will be recorded on both sides of the cashbook. For example, when cash is withdrawn from bank, the accounts involved are cash and bank account. In the cash book, on the debit side, the amount will be entered in cash column against the words "To Bank" while on the credit side, the same amount would be entered as "By Cash" under the bank column. Such an accounting entry which is recorded on both the sides of the triple-column cashbook is called "Contra entry". Generally, to identify contra entry, the letter 'C' is entered under the L/F columns on both the sides of the cashbook.

Illustration 1.
Make out the three-column cash book of M/S R and M from the following particulars
(Amount in thousands of Nu.)

1999April	1	Cash in hand	Nu. 300
		Bank overdraft	450
		Paid Salaries	250
	2	Purchased goods for cash	30
		Cash Sales	80
	3	Issued cheque in favor of Karma & Co. to settle his Account for Nu. 270.	260
	4	Received from Diwan&Co (discount allowed Nu. 15)	235
	5	Received Cheque from Ali brothers in full settlement of their debt of Nu. 200)	190
	6	Cash sent to bank	200
	7	Cheque issued in favor of Ravi Bros. For purchase of furniture	150
	8	Cheque of Ali Bros. dishonored. Bank charges debited	2
	9	Paid rent by cheque	100
	10	Bank collect interest on securities	150
	11	Withdrew from Bank	100

7.2.4 Final Accounts

Introduction

At the end of every accounting period, it is necessary to determine profit or loss of the company. The process starts with preparing trading account, which gives the overall results of trading, i.e purchasing and selling of goods. It takes into account, on one hand the cost of goods sold and on other hand, the value for which they have been sold away. In case the sales value is higher than the cost of goods sold, there will be a profit and while in reverse case there will be a loss. Trading account is prepared in the following form:

Trading Account
For the period ending……..

Dr.			Cr.
Particulars	**Amount**	**Particulars**	**Amount**
To opening stock	Nu…….....	By sales less returns	…….....
To purchases less returns	…….....	By closing stock	……
To Direct Expenses	…….....	…….....	…….....
To gross Profit *	…….....	By gross loss*	……

* only one figure will appear and the figure will be transferred to profit and loss Account.

Profit and Loss Account

Trading account merely states down the gross profit or gross loss made by a businessmen on purchasing and selling of goods. It does not takes into account other operating expenses incurred or income earned during the course of running the business. All such expenses and income are taken into consideration by the Profit and Loss Account. Profit and Loss Account starts with the gross profit or the gross loss brought down from the trading account. It is then followed by entering other expenses and incomes. Expenses are entered on the debit side of the account and income on the credit side of the account. The format of the Profit and Loss Account is as given below:

Profit and Loss Account for the year ending……..

Particulars	Amount	Particulars	Amount
To Gross Loss b/d*		By Gross Profit b/d*	
To salaries		By Discount received	
To rent		By any other gains/incomes	
To Commission			
To Advertisement			
To bad debts			
To discount received			
To any other indirect expenses/losses			
To Net Profit* (transferred to capital a/c)		By Net Loss*(transferred to Capital A/c	

*Could be either one of gross profit or gross loss OR Net profit or Net Loss.

BALANCE SHEET

The trading account and Profit and Loss Account would give us the results of business operations alone. The financial position of the business is shown by the Balance Sheet. Therefore, Balance sheet is a statement showing firm's financial position at particular point of time. Balance sheet is not an account but the statement containing the assets and liabilities of the business. The usual items appearing in the balance sheet are:

Balance Sheet as on……

Liabilities	Amount	Assets	Amount
Bank overdraft	-----	Cash in hand	------
Outstanding expenses	-----	Cash at Bank	------
Bills Payable	-----	Prepaid expenses	------
Sundry creditors	-----	Bills receivables	------
Loans	-----	Sundry debtors	------
Reserve/ Reserve Fund	-----	Closing Stock:	
Capital	-----	Raw materials	------
Add: Net Profit	-----	Work-in-progress	------
		Finished goods	------
		Furniture	------
		Plant and machinery	------
		Building	------
		Land	------
		Goodwill	------

Illustration 1.
From the following trial balance, prepare a Trading A/c and Profit &Loss A/c for the year ending 31st December 1998 and Balance Sheet as on that date:

Particulars	**Debit (Nu.)**	**Credit (Nu.)**
Sundry Debtors	1,500	
Stock, 1/1/98	5,000	
Land and Buildings	10,000	
Cash in Hand	1,600	
Cash at Bank	4,000	
Wages	3,000	
Bills Receivable	2,000	
Interest	200	
Bad debts	500	
Repairs	300	
Furniture and fixtures	1,500	
Depreciation	1,000	
Rent, rates and taxes	800	
Salaries	2,000	
Drawings	2,000	
Purchases	10,000	
Office Expenses	2,500	
Plant and Machinery	5,700	
Capital		25,000
Interest		600
Sundry Creditors		7,000
Sales		17,000
Bills Payable		4,000
	=====	=====
Total	53,600	53,600
	=====	=====

On 31st December, the stock was valued at Nu. 10,000.

Illustration 2.
From the following balances, prepare Trading and Profit and Loss Account and Balance Sheet of XXX Co. as on Dec. 31st, 1999(Amount in thousands of Nu.)

Capital	3,600	Salaries	600
Machinery	700	General Expenses	200
Sales	8,200	Rent	500
Purchases	4,000	Purchases Return	50
Sales Return	100	Debtors	3,000
Stock on Jan. 1	1,000	Cash	400
Drawings	400	Carriage Outwards	200
Wages	1,000	Advertising	200
Cartage Inwards	50	Creditors	500

The closing stock was valued at Nu. 2,000

1.1.1 PIT Calculation

	SOURCES OF INCOME							**Amt.(Nu.)**
1	*Income from Salary & Consultancy Services (non-licensed)*							
	INCOME FROM SALARY					Basic	Months	Total
	ADD: Salary before increment(per month)					0	0	0
	Salary after increment (per month)					0	0	0
	Salary during study period (if applicable)- per month					0	0	0
	Leave Encashament					0	0	0
	Patang Allowance (per month)					0	0	0
	Monthly Pension					0	0	0
	Contract Allowances before increment per month					0	0	0
	Contract Allowances after increment per month					0	0	0
	Bonus per month					0	0	0
	Fees before increment (per month)					0	0	0
	Fees after increment (per month)					0	0	0
	Commission(per month)					0	0	0
	Telephone/Mobile Voucher Allowance					0	0	0
	Other Benefits/Allowance(per month)					0	0	0
	Benefits (HRA) before increment (percentage-wise)						0%	0
	Benefits (HRA) after increment (percentage-wise)						0%	0
	Benefits (HRA) before increment on lumpsum basis						0	0
	Benefits (HRA) after increment on lumpsum basis						0	0
	Consultancy Income (Lumpsum basis)						0	0
	Sitting Fees (Lumpsum basis)						0	0
	Adjusted Gross Salary Income (Annual)							0
2	*Rental Income from Real Property*							
	Gross Rental Income						120,000	
	Less: Specific Deductions							
	Interest paid						50,000	
	Repair and Maintenance (20% of GRI)						24,000	
	Municipal and Urban House Taxes (Actual)						0	
	Insurance Premium (Actual)						0	
	Adjusted Gross Rental Income							46,000
3	*Dividend Income from Shareholdings*							
	Gross Dividend Income						100,000	
	Less: Specific Deductions/Exemption							
	Exemption (fixed)						10,000	
	Interest paid						0	
	Adjusted Gross Dividend Income							90,000
4	*Interest Income from Fixed Deposits*							
	Gross Interest Income						100,000	
	Less: Specific Deductions/Exemption							
	Exemption(fixed)						10,000	
	Adjusted Gross Interest Income							90,000
5	*Income from Cash Crop*							
	Gross Cash Crop Income						50,000	
	Less: Specific Deductions/Exemption							

	Deduction (30% of Gross Cash Crop Income)						15,000	
	Adjusted Gross Cash Crop Income							35,000
6	*Income from Other Sources (Income from hiring of pvt. veh., P&M, & Intellectual Property)*							
	Gross Income Other Sources						40,000	
	Less: Specific Deductions/Exemption							
	Deduction (30% of Gross Income from Other Sources)						12,000	
	Adjusted Gross Income from Other Sources							28,000
	TOTAL ADJUSTED GROSS INCOME							289,000
	Less: General Deductions							
	Provident Fund Contribution (percentage)						0%	0
	GIS before increment (Actual)						0	0
	GIS after increment (Actual)						0	0
	Annual Life Insurance Premium (Actual)						0	0
	Donations (upto max 5% of Total Adjusted Gross Income)						0	0
	Education Allowance (upto max. Nu. 50,000 per child p.a)	Self Edu	Child1	Child2	Child3	Child4	Child5	
		0	0	0	0	0	0	0
	NET TAXABLE INCOME							289,000
	Income Slabs						Rate	Tax Amount
	0 - Nu.100,000						0%	0
	Nu. 100,001 - Nu. 250,000						6%	9,000
	Nu. 250,001 - Nu. 500,000						9%	3,510
	Nu. 500,001 - Nu.1,000,000						12%	0
	Nu. 1,000,001 & above						15%	0
	TAX AMOUNT							12,510
	Taxes Deducted at Source (TDS) from:							
	1. TDS on Salary before increment (per month)						0	0
	1. TDS on Salary after increment (per month)						0	0
	1. TDS on Leave Encashment (actual)						0	0
	1. TDS on Consultancy Income (actual)						0	0
	1. TDS on Bonus						0	0
	2. Rental Income						0	0
	3. Dividend Income						0	0
	4. Interest Income						0	0
	6. Income from Other Sources						0	0
	7. Others if any						0	0
	TOTAL TDS							0
	BALANCE TAX PAYABLE/REFUNDABLE							12,510
	GROSS INCOME (i.e., before specific deductions)							410,000
	EFFECTIVE TAX RATE							3%

Copyright@Tax Administration Division,HQ,DRC,Thimphu.
Your suggestions and comments, please email sonamt@mof.gov.bt

8 Training Evaluation Form

Please kindly complete the following training evaluation questions for the Business Development Skills Course.

	Training Evaluation Questions (please complete for all modules delivered by Benjamin Carey, Dunira Strategy)	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The training modules met my expectations					
2	I will be able to apply the knowledge learned to develop my business					
3	The training content was organised and easy to follow					
4	The materials distributed were very useful					
5	The trainer was knowledgeable					
6	The quality of instruction was good					
7	Delegate participation and interaction was encouraged					
8	Adequate time was made available for questions and discussion					
9	Good training and audio-visual aids were used					

	Training Evaluation Questions (whole course)	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10	The venue and related facilities were good					
11	The refreshments and food were good quality					
12	The training course is one of the best I have participated in					
13	I would recommend that other colleagues attend this training course in future					

	Module Ranking: ***Please rank each module in order, from 1 (most useful/valuable) to 6 (least useful/valuable)***	Ranking
A	Office Management	
B	Managing Finances and Accounts	
C	Promoting Environmentally and Socially Responsible Tourism	
D	Managing Tours	
E	Customer Service	
F	Upgrading Skills and Knowledge	

Do you have any comments or suggestions regarding the training course?

Environmentally and Socially Responsible Tourism

If you would be willing to be contacted to discuss potential approaches to enhancing the environmental and social performance of your business, please fill in your details below.

Name:	
Business:	
Email:	

Please kindly complete the following evaluation questions for the Managing Finances and Accounts module

	Training Evaluation Questions (please complete only for the MF&A module delivered by Damber Singh Kharka, Jigme Consultancy/Synergy Human Dynamics)	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The training module met my expectations					
2	I will be able to apply the knowledge learned to develop my business					
3	The training content was organised and easy to follow					
4	The materials distributed were very useful					
5	The trainer was knowledgeable					
6	The quality of instruction was good					
7	Delegate participation and interaction was encouraged					
8	Adequate time was made available for questions and discussion					
9	Good training and audio-visual aids were used					

Do you have any comments or suggestions regarding the Managing Finances and Accounts training module?

9 Participants List

1.	Ms. Dorji Pem; Namgay Adventures	www.nat.com.bt
2.	Ms. Ayiti Maya; Diethelm Travel Bhutan	www.diethelmtravel.com
3.	Ms. Dechen Wangmo Penjor; Dithelm Travel Bhutan	-
4.	Mr. Pema Norbu; Bhutan Dukar Tours & Travels	www.bhutandukartours.com
5.	Mr. Leki Tshering; Linkor Tours & Treks	www.lingkor.com
6.	Mr. Karma Wangdi; Blue Poppy tours & Treks	www.bluepoppybhutan.com
7.	Mr. Tandin Wangyal; Genesis Tours & Treks	NA
8.	Mr. Jigme Nedup; Genesis Tours & Treks	NA
9.	Mr. Lhendup Kelden Namgyel;Tinkar Tours & Travel	NA
10.	Ms. Lily Wangchuk; Absolute Bhutan Travel	www.absolutebhutantravel.com
11.	Mr. Phuntsho Norbu; Bridge To Bhutan	www.bridgetobhuta.com
12.	Mr. Bhim Kumar Gomden; Thunder Dragon Tours	www.thunderdragontreks.com
13.	Mr. Pelden Phuntsho; Thunder Dragon tours	-
14.	Ms. Dorji Nyeljorma;Kingyel Tours & Treks	www.como.bz

15.	Mr. Dorji Rabten; Kingyel Tours & Treks	-
16.	Ms. Karma Chuki Dorji; Kingyel Tours & Treks	-
17.	Mr. Karma Tshering; Good Karma Travels	www.goodkarmatravels.bt
18.	Mr. Rinzin Jamtsho; Wind Horse Tours	www.windhorsetours.com
19.	Mr. Arjun Pradhan; Atlas Tours & Travels	www.bhutanatlas.com.bt
20.	Ms. Deki Choden Dorji; Bhutan Dorji Holidays	www.bhutan-dorji.com
21.	Mr. Choki Gyeltshen; Yana Expeditions	www.YANATravel.com
22.	Mr. Sonam Peljore; Yana Expeditions	-
23.	Mr. Bishnulal Gurung; Bhutan Aries Tours	www.bhutanaries.com
24.	Mr. Tenzin Namgay; Etho Metho Tours	www.ethometho.com
25.	Mr. Jamyang Tshering; Kiga Spiritual Journey	www.bhutankiga.com
26.	Mr. Dorjee Wangchuk; Gangkar Adventure	www.gangkar.bt
27.	Mr. Tashi Wangchuk; Jurmii Tours & Treks	NA
28.	Mr. Sonam Tshering; Languar Eco Travels	www.holidaysinbhutan.com
29.	Mr. Pema Tenzin; NP tours & Treks	NA
30.	Ms. Thinley Dem; Bara Lynka Tours	www.baralynka.com
31.	Ms. Kinga Pem; Bhutan Visit Tours	www.bhutanvisit.com
32.	Mr. Kinzang Wangdi; Bhutan Mystical Tours	www.bhutanmystical.com
33.	Mr. Tharpa Dorji; Bhutan Mystical Tours	NA
34.	Mr. Deepak Gurung; Destiny Bhutan	www.destinybhutan.com
35.	Mr. Tashi Phuntsho; Bhutan Majestic Travel	www.bhutanmajestictravel.com
36.	Ms. Sabitri Thapa; Bhutan Century Tours	NA
37.	Ms. Karma Wangmo; Norda Expeditions Travels	www.bhutannorda.com

FORM BIT-2 **ANNUAL BUSINESS INCOME TAX RETURN**

ANNUAL BUSINESS INCOME TAX RETURN FOR THE YEAR _____

From: Name of Proprietor _____
Name of Business _____
_____
_____
License Nos. _____
BIC No: _____
Date _____

To: The Regional Director
Regional Revenue & Customs Office
_____

Please find attached the following documents relating to Business Income Tax for the Tax Year_____:

- Annual Accounts in Standard Format.
- Money Receipts for Advance Taxes already paid or BIT withheld at source.
- Cash/Cheque No. _____ dated _____ for Nu.(figures) _____ (words) _____only in payment of Self-Declared Business Income Tax.

I/We declare that the records submitted herewith are true and correct in every respect, to the best of my/our knowledge and belief.

Authorized Signatory _____
Name & Designation: _____
Date: _____

FORM BIT 2 BIT Standard Accounts Format

In the format shown below, dd/mm/20vv represents the day/month/year of the end of the current accounting period; 19vu represents the end of the previous accounting period (of the same duration); XXXX are current year values; YYYY are prior year values.

Profit & Loss Account for the year ended dd/mm/20vv

	Schedule	*20vv* *Nu'000*	*20vu* *Nu'000*
Total Sales	*1*	*XXXX*	*YYYY*
TOTAL INCOME		*XXXX*	*YYYY*
Less: Direct Expenses	*3*	*XXXX*	*YYYY*
GROSS PROFIT		*XXXX*	*YYYY*
Other Income	*2*	*XXXX*	*YYYY*
Less: Selling Expenses	*4*	*XXXX*	*YYYY*
Less: Administration Expenses	*5*	*XXXX*	*YYYY*
Less: Depreciation for year	*14*	*XXXX*	*YYYY*
Less: Other Financial Expenses	*6*	*XXXX*	*YYYY*
Less: Interest Paid		*XXXX*	*YYYY*
NET PROFIT FOR THE YEAR	*(#)*	*XXXX*	*YYYY*
Add: Inadmissible expenses for tax purposes			
Direct	*7*	*XXXX*	*YYYY*
Selling	*8*	*XXXX*	*YYYY*
Administration	*9*	*XXXX*	*YYYY*
Financial Expenses	*10*	*XXXX*	*YYYY*
Appropriations	*11*	*XXXX*	*YYYY*
INITIAL SELF ASSESSED PROFIT FOR YEAR (A)		*XXXX*	*YYYY*
Add			
Bonus Limit @ 10% = Amount Disallowed	*12*	*XXXX*	*YYYY*
Ent/Staff Welfare Limit @ 2% =Amount Disallowed	*13*	*XXXX*	*YYYY*
SELF ASSESSED TAXABLE PROFIT		*XXXX*	*YYYY*
Less tax allowed losses carried forward		*(XXXX)*	*(YYYY)*
FINAL SELF ASSESSED TAXABLE PROFIT (B)		*XXXX*	*YYYY*
SELF-DECLARED BIT/BIT @ 30% of B (*)		*XXXX*	*YYYY*
Less Amounts Already Paid:			
Advance Taxes		*(XXXX)*	*(YYYY)*
BIT Withheld at Source		*(XXXX)*	*(YYYY)*
BALANCE BIT PAYABLE		*XXXX*	*YYYY*

Please note that a tax allowed loss could only be carried over for a maximum of three years and then it becomes invalid. An account showing how much loss and to which year the loss relates to needs to be kept.

FORM BIT 2 BIT Standard Accounts Format

I/We declare that the information in this document and any attachments is true and correct to the best of my (our) knowledge and belief. Late submission, misleading or false information shall result in fines and penalties as per the Income Tax Act of the Kingdom of Bhutan, 2001 and rules thereto.

Name and Signature of owner or authorized signatory and Date

Balance Sheet as at dd/mm/20vv

	Schedule	*20vv Nu'000*	*20vu Nu'000*
Fixed Assets	*14*	*XXXX*	*YYYY*
Current Assets	*15*	*XXXX*	*YYYY*
TOTAL ASSETS		*XXXX*	*YYYY*
Less: Current Liabilities	*16*	*XXXX*	*YYYY*
TOTAL ASSETS LESS CURRENT LIABILITIES		*XXXX*	*YYYY*
Financed By:			
Long Term Capital	*17*	*XXXX*	*YYYY*
Retained Profit brought forward		*XXXX*	*YYYY*
Net Profit for year	*(#)*	*XXXX*	*YYYY*
Less/BIT	*(*)*	*(XXXX)*	*(YYYY)*
Plus (minus) any transfers in or (out)		*XXXX*	*YYYY*
Retained Profit carried forward		*XXXX*	*YYYY*
Long Term Liability	*18*	*XXXX*	*YYYY*
TOTAL CAPITAL		*XXXX*	*YYYY*

I/We declare that the information in this document and any attachments is true and correct to the best of my (our) knowledge and belief. Late submission, misleading or false information shall result in fines and penalties as per the Income Tax Act of the Kingdom of Bhutan, 2001 and rules thereto.

Name and Signature of owner or authorized signatory and Date

Schedule 1: Total Sales

	20vv Nu'000	*20vu Nu'000*
Sales Cash	*XXXX*	*YYYY*
Sales Credit	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
TOTAL SALES	*XXXX*	*YYYY*

FORM BIT 2 BIT Standard Accounts Format

Schedule 2: Other Income

	20vv *Nu'000*		*20vu* *Nu'000*	
Interest Income:				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Interest		*XXXX*		*YYYY*
Rent Income:				
..... .	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Rent		*XXXX*		*YYYY*
Other Income:				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Other		*XXXX*		*YYYY*
		----------		---------
TOTAL OTHER INCOME		*XXXX*		*YYYY*
		====		===

Schedule 3 : Direct Expenses

Direct expenses are those expenses, which can be directly related to the production and or purchase of goods for the main line of business of an organization). Listed below are the ***some common expenses****, which fall under this head. Please remember that this is not an exhaustive list.*

	20vv *Nu'000*	*20vu* *Nu'000*
Opening Stock	*XXXX*	*YYYY*
Less: Closing Stock	*(XXXX)*	*(YYYY)*
Stock Movement	*XXXX*	*YYYY*
Opening Work in Progress	*XXXX*	*YYYY*
Less: Closing Work in progress	*(XXXX)*	*(YYYY)*
Work in Progress Movement	*XXXX*	*YYYY*
Direct Purchases:		
Raw Materials	*XXXX*	*YYYY*
Components	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
Total Purchases	*XXXX*	*YYYY*

FORM BIT 2 BIT Standard Accounts Format

Direct Staff Costs:				
Permanent Salary Costs	*XXXX*		*YYYY*	
Wages	*XXXX*		*YYYY*	
Labor Charges	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Staff Costs		*XXXX*		*YYYY*
Other Direct Expenses:				
Loading & Unloading	*XXXX*		*YYYY*	
Carriage Inward	*XXXX*		*YYYY*	
Bhutan Sales Tax	*XXXX*		*YYYY*	
Customs Duties	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Other		*XXXX*		*YYYY*
		---		---
TOTAL DIRECT EXPENSES		*XXXX*		*YYYY*
		===		===

Schedule 4: Selling Expenses

*(Selling expenses are those expenses incurred while trying to sell or promote a product). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.*

	20vv *Nu'000*		*20vu* *Nu'000*	
Selling Staff Costs:				
Permanent Salary Costs	*XXXX*		*YYYY*	
Wages	*XXXX*		*YYYY*	
Labor Charges	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Staff Costs		*XXXX*		*YYYY*
Other Selling Expenses:				
Travel expenses for selling the product	*XXXX*		*YYYY*	
Entertaining	*XXXX*		*YYYY*	
Distribution costs (Transport & Freight)	*XXXX*		*YYYY*	
Publicity	*XXXX*		*YYYY*	
Commissions	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	

BIT FORM 2 BIT Standard Accounts Format

.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Other		*XXXX*		*YYYY*
TOTAL SELLING EXPENSES		*XXXX*		*YYYY*

Schedule 5: Administration Expenses

(Administration expenses are those expenses incurred while trying to run or administer a business). Listed below are the ***some common expenses****, which fall under this head. Please remember that this is not an exhaustive list.*

	20vv *Nu'000*		*20vu* *Nu'000*	
Administration Staff Costs:				
Permanent Salary Costs	*XXXX*		*YYYY*	
Wages	*XXXX*		*YYYY*	
Labor Charges	*XXXX*		*YYYY*	
Staff Welfare	*XXXX*		*YYYY*	
Provident/Gratuity Fund	*XXXX*		*YYYY*	
Bonus	*XXXX*		*YYYY*	
……	*XXXX*		*YYYY*	
…….	*XXXX*		*YYYY*	
Total Staff Costs		*XXXX*		*YYYY*
Other Administration Expenses:				
Donations	*XXXX*		*YYYY*	
Rent	*XXXX*		*YYYY*	
Electricity	*XXXX*		*YYYY*	
Postage	*XXXX*		*YYYY*	
Telephone	*XXXX*		*YYYY*	
Water Charges	*XXXX*		*YYYY*	
Municipal Charges	*XXXX*		*YYYY*	
Stocks write off	*XXXX*		*YYYY*	
Loss on disposal of fixed assets	*XXXX*		*YYYY*	
Staff Training	*XXXX*		*YYYY*	
Audit Fees	*XXXX*		*YYYY*	
Consultancy Fees	*XXXX*		*YYYY*	
Other taxes Paid (excluding BIT)	*XXXX*		*YYYY*	
Other Professional Fees	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Other		*XXXX*		*YYYY*
TOTAL ADMINISTRATION EXPENSES		*XXXX*		*YYYY*

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Schedule 6: Financial Expenses

*(Financial expenses are those expenses incurred due to the usage of financial (monetary) transactions in the business). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.*

	20vv	*20vu*
	Nu'000	*Nu'000*
Bad Debts	*XXXX*	*YYYY*
Bank Charges & other exp.	*XXXX*	*YYYY*
Foreign Exchange hedging losses	*XXXX*	*YYYY*
Prov. for Bad & Doubtful Debts	*XXXX*	*YYYY*
Provision for any Doubtful Advances	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
TOTAL Financial Expenses	*XXXX*	*YYYY*

Schedule 7: Inadmissible Direct Expenses

	20vv	*20vu*
	Nu'000	*Nu'000*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
TOTAL	*XXXX*	*YYYY*

Schedule 8 : Inadmissible Selling Expenses

	20vv	*20vu*
	Nu'000	*Nu'000*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
TOTAL	*XXXX*	*YYYY*

Schedule 9 : Inadmissible Administration Expenses

	20vv	*20vu*
	Nu'000	*Nu'000*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
TOTAL	*XXXX*	*YYYY*

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Schedule 10: Inadmissible Financial Expenses

	20vv	*20vu*
	Nu'000	*Nu'000*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
TOTAL	*XXXX*	*YYYY*

Schedule 11: Appropriations

	20vv	*20vu*
	Nu'000	*Nu'000*
Salary Claimed	*XXXX*	*YYYY*
Salary Allowable	*XXXX*	*YYYY*
Excess Salary	*XXXX*	*YYYY*
Dividends inadmissible as expenses	*XXXX*	*YYYY*
Other Appropriations:		
Donations Claimed	*XXXX*	*YYYY*
Donations Allowable	*XXXX*	*YYYY*
Donations Inadmissible	*XXXX*	*YYYY*
Interest Allowable	*XXXX*	*YYYY*
Interest Inadmissible	*XXXX*	*YYYY*
Income appropriations	*XXXX*	*YYYY*
……..	*XXXX*	*YYYY*
TOTAL	*XXXX*	*YYYY*

Schedule 12 : Bonuses disallowed

	20vv	*20vu*
	Nu'000	*Nu'000*
Bonus Claimed	*XXXX*	*YYYY*
Initial Assessed Net profit (A)	*XXXX*	*YYYY*
NP from which 10% value is calculated	*XXXX*	*YYYY*
Bonus Allowable as per 10% rule	*XXXX*	*YYYY*
Bonus Claimed:	*XXXX*	*YYYY*
Bonus Disallowed due to regulation or inadequate supporting	*(XXXX)*	*(YYYY)*
Bonus Allowable as per bookings	*XXXX*	*YYYY*

Only if the bonus allowable as per bookings is greater then the bonus allowable as per the 10% rule *then there should be more disallowances to the value of the difference between the bonus allowable as per the bookings and the bonus allowable as per the 10% rule and this should be added to the other bonus disallowance as mentioned below to come to the total bonus disallowed figure*

Total bonuses to be disallowed		
Bonus Disallowed due to regulation or inadequate supporting	*XXXX*	*YYYY*
Bonus Disallowed due to the difference as mentioned above	*XXXX*	*YYYY*
Total Bonus disallowed	***XXXX***	***YYYY***

FORM BIT 2 BIT Standard Accounts Format

Schedule 13 : Entertainment and Staff Welfare disallowed

	20vv	*20vu*
	Nu'000	*Nu'000*
Ent/Staff Welfare Claimed(club all these exps)	*XXXX*	*YYYY*
Initial Assessed Net profit(A)	*XXXX*	*YYYY*
NP from which 2% value is calculated	*XXXX*	*YYYY*
Ent/Staff Welfare Allowable as per 2% rule	*XXXX*	*YYYY*
Ent/Staff Welfare Claimed(club all these exps)	*XXXX*	*YYYY*
Ent/Staff Welfare Disallowed due to inadequate supporting	*(XXXX)*	*(YYYY)*
Ent/Staff Welfare Allowable as per bookings	*XXXX*	*YYYY*

Only if the Ent/Staff Welfare allowable as per bookings is greater then the Ent/Staff Welfare allowable as per the 2% rule *then there should be more disallowances to the value of the difference between the Ent/Staff Welfare allowable as per the bookings and the Ent/Staff Welfare allowable as per the 10% rule and this should be added to the other Ent/Staff Welfare disallowance as mentioned below to come to the total Ent/Staff Welfare disallowed figure*

Total Ent/Staff Welfare to be disallowed		
Ent/Staff Welfare Disallowed due to inadequate supporting	*XXXX*	*YYYY*
Ent/Staff Welfare Disallowed due to the difference as mentioned above	*XXXX*	*YYYY*
Total Ent/Staff Welfare disallowed	***XXXX***	***YYYY***

Schedule 14 : Fixed Assets

				20vv	*20vu*
				Nu'000	*Nu'000*
Additions in the year:	*Date*	*Rate*			
.....	.....	.....		*XXXX*	*YYYY*
.....	.....	.....		*XXXX*	*YYYY*
.....	.....	.....		*XXXX*	*YYYY*
.....	.....	.....		*XXXX*	*YYYY*
Less:					
Disposals in the year		*Date*	*Rate*		
.....	.....	.....		*(XXXX)*	*(YYYY)*
.....	.....	.....		*(XXXX)*	*(YYYY)*
.....	.....	.....		*(XXXX)*	*(YYYY)*
.....	.....	.....		*(XXXX)*	*(YYYY)*
Cost brought forward from previous year				*XXXX*	*YYYY*
Cost carried forward to next year				*XXXX*	*YYYY*

Depreciation for year:

Asset:	*Cost*	*Rate*	*20vv*	*20vu*
			Nu'000	*Nu'000*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*

TOTAL DEPRECIATION FOR YEAR				*XXXX*		*YYYY*
Less: Depreciation on Disposals						
Disposals:		*Date*	*Rate*			
.....	.....	.....		*(XXXX)*		*(YYYY)*
.....	.....	.....		*(XXXX)*		*(YYYY)*
.....	.....	.....		*(XXXX)*		*(YYYY)*
.....	.....	.....		*(XXXX)*		*(YYYY)*
.....	.....	.....		*(XXXX)*		*(YYYY)*
Depreciation brought forward from last year					*XXXX*	*YYYY*
					---	---
Depreciation carried forward to next year					*XXXX*	*YYYY*
					====	====
Net Book Value brought forward from last year					*XXXX*	*YYYY*
					=====	=====
NET BOOK VALUE CARRIED FORWARD TO NEXT YEAR					*XXXX*	*YYYY*
					=====	=====

Schedule 15 : Current Assets

	20vv		*20vu*	
	Nu'000		*Nu'000*	
Cash	*XXXX*		*YYYY*	
Bank	*XXXX*		*YYYY*	
Sundry Debtors:				
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
Less: Provisions	*XXXX)*		*(YYYY)*	
Total Sundry Debtors		*XXXX*		*YYYY*
Closing Stock:				
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
Total Closing Stock		*XXXX*		*YYYY*
Prepayments:				
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
Total Prepayments		*XXXX*		*YYYY*
Other Current Assets:				
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*

Total Other	*XXXX*		*YYYY*	
	---		---	
TOTAL CURRENT ASSETS		*XXXX*		*YYYY*
	=====		=====	

Schedule 16 : Current Liabilities

	20vv		*20vu*	
	Nu'000		*Nu'000*	
Bank Overdraft	*XXXX*		*YYYY*	
Unpaid Wages	*XXXX*		*YYYY*	
Unpaid Taxes	*XXXX*		*YYYY*	
Trade Creditors:				
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
Total Trade Creditors		*XXXX*		*YYYY*
Sundry Creditors:				
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
Total Sundry Creditors		*XXXX*		*YYYY*
Other Current Liabilities:				
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
Total Other		*XXXX*		*YYYY*
		---		---
TOTAL CURRENT LIABILITIES			*XXXX*	*YYYY*
		====	====	

Schedule 17 : Long Term Capital

	20vv		*20vu*	
	Nu'000		*Nu'000*	
Proprietor's Capital:				
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
.....		*XXXX*		*YYYY*
Total Proprietor's Capital (A)		*XXXX*		*YYYY*
Shareholders Funds:				
Ordinary Shares	*XXXX*		*YYYY*	
Preference Shares		*XXXX*		*YYYY*

FORM BIT 2 BIT Standard Accounts Format

.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
Total Shareholders Funds (B)	XXXX		YYYY		
Donor or other Financing: (Capital Grants)					
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
Total Donor or other Financing (Capital Grants) (C)		XXXX		YYYY	
		---		---	
TOTAL LONG TERM CAPITAL (A+B+C)				XXXX	YYYY
		=====		=====	

Schedule 18: Long Term Loans

Long Term Loans:					
Bank of Bhutan	XXXX		YYYY		
Royal Monetary Authority	XXXX		YYYY		
Royal Insurance Corporation of Bhutan		XXXX		YYYY	
Bhutan Development Finance Corporation		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
Total Long Term Loans (A)			XXXX		YYY
Donor Financing (Liability):					
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
Total Donor Financing (liability) (B)			XXXX		YYYY
Other Financing (Liability):					
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
.....		XXXX		YYYY	
Total Other (C)		XXXX		YYYY	
		---		---	
TOTAL LONG TERM LOAN (A+B+C)		***XXXX***		***YYYY***	

FORM BIT-1 **BIT REGISTRATION**

ROYAL GOVERNMENT OF BHUTAN
REGIONAL REVENUE & CUSTOMS OFFICE

---

1. DETAILS OF BUSINESS

a. Name of the Business _____

b. Registered Address of the Business _____
Street Name _____ Post Box No._____ Dzongkhag _____
Gwog _____ Village _____Phone No. _____
Fax No. _____ Email address _____

2 TYPE OF OWNERSHIP (please tick)

a. Sole Proprietorship ☐
b. Partnership ☐

3 OWNERSHIP DETAILS

Name _____ Sex_____ Date of Birth/Year _____
Citizen ID Card No/Resident Permit No._____ Nationality _____
Street Name _____ Post Box No._____ Fax No._____
Village _____ Gewog_____ Dzongkhag _____
If a business has more than one owner, same details should be filled in a separate sheet.

4 DATE OF BUSINESS ESTABLISHMENT

Date _____ Month_____ Year_____

5 LICENSE DETAILS AND ACTIVITIES

Sl.No.	License No.	Date of Issue	Nature of Activity
1			
2			
3			

If required, please use additional sheet.

6 OTHER BUSINESSESS OWNED BY THE OWNER

Sl. No	BIC No	Name of the Unit	Address	Post Box No.	Phone No.	Fax No.
1						
2						
3						
4						
5						

If required, please use additional sheet.

Note: Any change in the above information must be informed to the RRCO of registration within one month of the change.

I hereby declare that the above information is true and correct to the best of my knowledge.

Signature of the Owner:_____

Name of the Owner: _____

FOR OFFICIAL USE ONLY

You are hereby allocated a Business Identifier Code Number _____ by the Regional Revenue Customs Office_____ on _____day _____ month _____ year.

You are requested to use your BIC No in all your correspondences with us.

Yours faithfully,

Name & Signature of the Issuing Authority

FORM CIT-2 **ANNUAL CORPORATE INCOME TAX RETURN**

ANNUAL CORPORATE INCOME TAX RETURN FOR THE YEAR
_____

From: Name of MD _____
Name of Company _____
_____
_____
License Nos. _____
BIC No: _____
Date _____

To: The Regional Director
Regional Revenue & Customs Office
_____

Please find attached the following documents relating to Corporate Income Tax for the Income Year _____.

- Annual Accounts in Standard Format.
- Money Receipts for Advance Taxes already paid or CIT withheld at source.
- Cash/Cheque No. _____dated _____for Nu.(figures)_____
_____(words) only in payment of Self-Declared Corporate Income Tax .

I/We declare that the records submitted herewith are true and correct in every respect, to the best of my/our knowledge and belief.

Authorized Signatory: _____
Name & Designation: _____
Date: _____

FORM CIT 2 CIT Standard Accounts Format

In the format shown below, dd/mm/20vv represents the day/month/year of the end of the current accounting period; 19vu represents the end of the previous accounting period (of the same duration); XXXX are current year values; YYYY are prior year values.

Profit & Loss Account for the year ended dd/mm/20vv

	Schedule	*20vv* *Nu'000*	*20vu* *Nu'000*
Total Sales	*1*	*XXXX*	*YYYY*
TOTAL INCOME		*XXXX*	*YYYY*
Less: Direct Expenses	*3*	*XXXX*	*YYYY*
GROSS PROFIT		*XXXX*	*YYYY*
Other Income	*2*	*XXXX*	*YYYY*
Less: Selling Expenses	*4*	*XXXX*	*YYYY*
Less: Administration Expenses	*5*	*XXXX*	*YYYY*
Less: Depreciation for year	*14*	*XXXX*	*YYYY*
Less: Other Financial Expenses	*6*	*XXXX*	*YYYY*
Less: Interest Paid		*XXXX*	*YYYY*
NET PROFIT FOR THE YEAR	*(#)*	*XXXX*	*YYYY*
Add: Inadmissible expenses for tax purposes			
Direct	*7*	*XXXX*	*YYYY*
Selling	*8*	*XXXX*	*YYYY*
Administration	*9*	*XXXX*	*YYYY*
Financial Expenses	*10*	*XXXX*	*YYYY*
Appropriations	*11*	*XXXX*	*YYYY*
INITIAL SELF ASSESSED PROFIT FOR YEAR (A)		*XXXX*	*YYYY*
Add			
Bonus Limit @ 10% = Amount Disallowed	*12*	*XXXX*	*YYYY*
Ent/Staff Welfare Limit @ 2% =Amount Disallowed	*13*	*XXXX*	*YYYY*
SELF ASSESSED TAXABLE PROFIT		*XXXX*	*YYYY*
Less tax allowed losses carried forward		*(XXXX)*	*(YYYY)*
FINAL SELF ASSESSED TAXABLE PROFIT (B)		*XXXX*	*YYYY*
SELF-DECLARED CIT @ 30% of B	*(*)*	*XXXX*	*YYYY*
Less Amounts Already Paid:			
Advance Taxes		*(XXXX)*	*(YYYY)*
CIT Withheld at Source		*(XXXX)*	*(YYYY)*
BALANCE CIT PAYABLE		*XXXX*	*YYYY*

Please note that a tax allowed loss could only be carried over for a maximum of three years and then it becomes invalid. An account showing how much loss and to which year the loss relates to needs to be kept.

FORM CIT-2 CIT Standard Accounts Format

I/We declare that the information in this document and any attachments is true and correct to the best of my (our) knowledge and belief. Late submission, misleading or false information shall result in fines and penalties as per the Income Tax Act of the Kingdom of Bhutan, 2001 and rules thereto.

Name and Signature of owner or authorized signatory and Date

Balance Sheet as at dd/mm/20vv

	Schedule	*20vv Nu'000*	*20vu Nu'000*
Fixed Assets	*14*	*XXXX*	*YYYY*
Current Assets	*15*	*XXXX*	*YYYY*
TOTAL ASSETS		*XXXX*	*YYYY*
Less: Current Liabilities	*16*	*XXXX*	*YYYY*
TOTAL ASSETS LESS CURRENT LIABILITIES		*XXXX*	*YYYY*
Financed By:			
Long Term Capital	*17*	*XXXX*	*YYYY*
Retained Profit brought forward		*XXXX*	*YYYY*
Net Profit for year	*(#)*	*XXXX*	*YYYY*
Less/CIT	*(*)*	*(XXXX)*	*(YYYY)*
Plus (minus) any transfers in or (out)		*XXXX*	*YYYY*
Retained Profit carried forward		*XXXX*	*YYYY*
Long Term Liability	*18*	*XXXX*	*YYYY*
TOTAL CAPITAL		*XXXX*	*YYYY*

I/We declare that the information in this document and any attachments is true and correct to the best of my (our) knowledge and belief. Late submission, misleading or false information shall result in fines and penalties as per the Income Tax Act of the Kingdom of Bhutan, 2001 and rules thereto.

Name and Signature of owner or authorized signatory and Date

Schedule 1: Total Sales

	20vv Nu'000	*20vu Nu'000*
Sales Cash	*XXXX*	*YYYY*
Sales Credit	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
TOTAL SALES	*XXXX*	*YYYY*

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Schedule 2: Other Income

	20vv Nu'000		*20vu Nu'000*	
Interest Income:				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Interest		*XXXX*		*YYYY*
Rent Income:				
..... .	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Rent		*XXXX*		*YYYY*
Other Income:				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Other		*XXXX*		*YYYY*
		----------		---------
TOTAL OTHER INCOME		*XXXX*		*YYYY*
		====		===

Schedule 3: Direct Expenses

Direct expenses are those expenses, which can be directly related to the production and or purchase of goods for the main line of business of an organization). Listed below are the ***some common expenses****, which fall under this head. Please remember that this is not an exhaustive list.*

	20vv Nu'000	*20vu Nu'000*
Opening Stock	*XXXX*	*YYYY*
Less: Closing Stock	*(XXXX)*	*(YYYY)*
Stock Movement	*XXXX*	*YYYY*
Opening Work in Progress	*XXXX*	*YYYY*
Less: Closing Work in progress	*(XXXX)*	*(YYYY)*
Work in Progress Movement	*XXXX*	*YYYY*
Direct Purchases:		
Raw Materials	*XXXX*	*YYYY*
Components	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
Total Purchases	*XXXX*	*YYYY*

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Direct Staff Costs:				
Permanent Salary Costs	*XXXX*		*YYYY*	
Wages	*XXXX*		*YYYY*	
Labor Charges	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Staff Costs		*XXXX*		*YYYY*
Other Direct Expenses:				
Loading & Unloading	*XXXX*		*YYYY*	
Carriage Inward	*XXXX*		*YYYY*	
Bhutan Sales Tax	*XXXX*		*YYYY*	
Customs Duties	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Other		*XXXX*		*YYYY*
		---		---
TOTAL DIRECT EXPENSES		*XXXX*		*YYYY*
		===		===

Schedule 4: Selling Expenses

*(Selling expenses are those expenses incurred while trying to sell or promote a product). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.*

	20vv	*20vu*
	Nu'000	*Nu'000*
Selling Staff Costs:		
Permanent Salary Costs	*XXXX*	*YYYY*
Wages	*XXXX*	*YYYY*
Labor Charges	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
Total Staff Costs	*XXXX*	*YYYY*
Other Selling Expenses:		
Travel expenses for selling the product	*XXXX*	*YYYY*
Entertaining	*XXXX*	*YYYY*
Distribution costs (Transport & Freight)	*XXXX*	*YYYY*
Publicity	*XXXX*	*YYYY*
Commissions	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*

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.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
Total Other	*XXXX*	*YYYY*
TOTAL SELLING EXPENSES	*XXXX*	*YYYY*

Schedule 5: Administration Expenses

*(Administration expenses are those expenses incurred while trying to run or administer a business). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.*

	20vv Nu'000	*20vu Nu'000*
Administration Staff Costs:		
Permanent Salary Costs	*XXXX*	*YYYY*
Wages	*XXXX*	*YYYY*
Labor Charges	*XXXX*	*YYYY*
Staff Welfare	*XXXX*	*YYYY*
Provident/Gratuity Fund	*XXXX*	*YYYY*
Bonus	*XXXX*	*YYYY*
……	*XXXX*	*YYYY*
……	*XXXX*	*YYYY*
Total Staff Costs	*XXXX*	*YYYY*
Other Administration Expenses:		
Donations	*XXXX*	*YYYY*
Rent	*XXXX*	*YYYY*
Electricity	*XXXX*	*YYYY*
Postage	*XXXX*	*YYYY*
Telephone	*XXXX*	*YYYY*
Water Charges	*XXXX*	*YYYY*
Municipal Charges	*XXXX*	*YYYY*
Stocks write off	*XXXX*	*YYYY*
Loss on disposal of fixed assets	*XXXX*	*YYYY*
Staff Training	*XXXX*	*YYYY*
Audit Fees	*XXXX*	*YYYY*
Consultancy Fees	*XXXX*	*YYYY*
Other taxes Paid (excluding CIT)	*XXXX*	*YYYY*
Other Professional Fees	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
Total Other	*XXXX*	*YYYY*
TOTAL ADMINISTRATION EXPENSES	*XXXX*	*YYYY*

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Schedule 6 : Financial Expenses

*(Financial expenses are those expenses incurred due to the usage of financial (monetary) transactions in the business). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.*

	20vv	*20vu*
	Nu'000	*Nu'000*
Bad Debts	*XXXX*	*YYYY*
Bank Charges & other exp.	*XXXX*	*YYYY*
Foreign Exchange hedging losses	*XXXX*	*YYYY*
Prov. for Bad & Doubtful Debts	*XXXX*	*YYYY*
Provision for any Doubtful Advances	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
	---	---
TOTAL Financial Expenses	*XXXX*	*YYYY*
	====	====

Schedule 7: Inadmissible Direct Expenses

	20vv	*20vu*
	Nu'000	*Nu'000*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
	---	---
TOTAL	*XXXX*	*YYYY*
	====	====

Schedule 8 : Inadmissible Selling Expenses

	20vv	*20vu*
	Nu'000	*Nu'000*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
	---	---
TOTAL	*XXXX*	*YYYY*
	====	====

Schedule 9 : Inadmissible Administration Expenses

	20vv	*20vu*
	Nu'000	*Nu'000*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
	---	---
TOTAL	*XXXX*	*YYYY*
	=====	=====

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Schedule 10 : Inadmissible Financial Expenses

	20vv		*20vu*	
	Nu'000		*Nu'000*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
	---		---	
TOTAL		*XXXX*		*YYYY*
		=====		=====

Schedule 11: Appropriations

	20vv		*20vu*	
	Nu'000		*Nu'000*	
Salary Claimed	*XXXX*		*YYYY*	
Salary Allowable	*XXXX*		*YYYY*	
Excess Salary	*XXXX*		*YYYY*	
Dividends inadmissible as expenses	*XXXX*		*YYYY*	
Other Appropriations:				
Donations Claimed	*XXXX*		*YYYY*	
Donations Allowable	*XXXX*		*YYYY*	
Donations Inadmissible	*XXXX*		*YYYY*	
Interest Allowable	*XXXX*		*YYYY*	
Interest Inadmissible	*XXXX*		*YYYY*	
Income appropriations	*XXXX*		*YYYY*	
……	*XXXX*		*YYYY*	
	---		---	
TOTAL		*XXXX*		*YYYY*
		=====		=====

Schedule 12 : Bonuses disallowed

	20vv	*20vu*
	Nu'000	*Nu'000*
Bonus Claimed	*XXXX*	*YYYY*
Initial Assessed Net profit (A)	*XXXX*	*YYYY*
NP from which 10% value is calculated	*XXXX*	*YYYY*
Bonus Allowable as per 10% rule	*XXXX*	*YYYY*
Bonus Claimed:	*XXXX*	*YYYY*
Bonus Disallowed due to regulation or inadequate supporting	*(XXXX)*	*(YYYY)*
Bonus Allowable as per bookings	*XXXX*	*YYYY*

Only if the bonus allowable as per bookings is greater then the bonus allowable as per the 10% rule *then there should be more disallowances to the value of the difference between the bonus allowable as per the bookings and the bonus allowable as per the 10% rule and this should be added to the other bonus disallowance as mentioned below to come to the total bonus disallowed figure*

Total bonuses to be disallowed				
Bonus Disallowed due to regulation or inadequate supporting	*XXXX*		*YYYY*	
Bonus Disallowed due to the difference as mentioned above	*XXXX*		*YYYY*	
Total Bonus disallowed		***XXXX***		***YYYY***
		===		*===*

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Schedule 13 : Entertainment and Staff Welfare disallowed

	20vv	*20vu*
	Nu'000	*Nu'000*
Ent/Staff Welfare Claimed(club all these exps)	*XXXX*	*YYYY*
Initial Assessed Net profit(A)	*XXXX*	*YYYY*
NP from which 2% value is calculated	*XXXX*	*YYYY*
Ent/Staff Welfare Allowable as per 2% rule	*XXXX*	*YYYY*
Ent/Staff Welfare Claimed(club all these exps)	*XXXX*	*YYYY*
Ent/Staff Welfare Disallowed due to inadequate supporting	*(XXXX)*	*(YYYY)*
Ent/Staff Welfare Allowable as per bookings	*XXXX*	*YYYY*

Only if the Ent/Staff Welfare allowable as per bookings is greater then the Ent/Staff Welfare allowable as per the 2% rule *then there should be more disallowances to the value of the difference between the Ent/Staff Welfare allowable as per the bookings and the Ent/Staff Welfare allowable as per the 10% rule and this should be added to the other Ent/Staff Welfare disallowance as mentioned below to come to the total Ent/Staff Welfare disallowed figure*

Total Ent/Staff Welfare to be disallowed			
Ent/Staff Welfare Disallowed due to inadequate supporting	*XXXX*	*YYYY*	
Ent/Staff Welfare Disallowed due to the difference as mentioned above	*XXXX*	*YYYY*	
Total Ent/Staff Welfare disallowed		***XXXX***	***YYYY***

Schedule 14 : Fixed Assets

			20vv	*20vu*
			Nu'000	*Nu'000*
Additions in the year:	*Date*	*Rate*		
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
Less:				
Disposals in the year		*Date*	*Rate*	
.....	.....	.....	*(XXXX)*	*(YYYY)*
.....	.....	.....	*(XXXX)*	*(YYYY)*
.....	.....	.....	*(XXXX)*	*(YYYY)*
.....	.....	.....	*(XXXX)*	*(YYYY)*
Cost brought forward from previous year			*XXXX*	*YYYY*
			----------	----.------
Cost carried forward to next year			*XXXX*	*YYYY*
			=====	====

Depreciation for year:

Asset:	*Cost*	*Rate*		
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*
.....	.....	.....	*XXXX*	*YYYY*

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TOTAL DEPRECIATION FOR YEAR				*XXXX*	*YYYY*
Less: Depreciation on Disposals					
Disposals:		*Date*	*Rate*		
.....	.....	.....		*(XXXX)*	*(YYYY)*
.....	.....	.....		*(XXXX)*	*(YYYY)*
.....	.....	.....		*(XXXX)*	*(YYYY)*
.....	.....	.....		*(XXXX)*	*(YYYY)*
.....	.....	.....		*(XXXX)*	*(YYYY)*
Depreciation brought forward from last year				*XXXX*	*YYYY*
Depreciation carried forward to next year				*XXXX*	*YYYY*
Net Book Value brought forward from last year				*XXXX*	*YYYY*
NET BOOK VALUE CARRIED FORWARD TO NEXT YEAR				*XXXX*	*YYYY*

Schedule 15 : Current Assets

	20vv Nu'000	*20vu Nu'000*
Cash	*XXXX*	*YYYY*
Bank	*XXXX*	*YYYY*
Sundry Debtors:		
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
Less: Provisions	*XXXX)*	*(YYYY)*
Total Sundry Debtors	*XXXX*	*YYYY*
Closing Stock:		
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
Total Closing Stock	*XXXX*	*YYYY*
Prepayments:		
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
Total Prepayments	*XXXX*	*YYYY*
Other Current Assets:		
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*
.....	*XXXX*	*YYYY*

FORM CIT 2 CIT Standard Accounts Format

Total Other	*XXXX*	*YYYY*
	---	---
TOTAL CURRENT ASSETS	*XXXX*	*YYYY*
	=====	=====

Schedule 16 : Current Liabilities

	20vv		*20vu*	
	Nu'000		*Nu'000*	
Bank Overdraft	*XXXX*		*YYYY*	
Unpaid Wages	*XXXX*		*YYYY*	
Unpaid Taxes	*XXXX*		*YYYY*	
Trade Creditors:				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Trade Creditors		*XXXX*		*YYYY*
Sundry Creditors:				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Sundry Creditors		*XXXX*		*YYYY*
Other Current Liabilities:				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Other		*XXXX*		*YYYY*
		---		---
TOTAL CURRENT LIABILITIES		*XXXX*		*YYYY*
		====		====

Schedule 17 : Long Term Capital

	20vv		*20vu*	
	Nu'000		*Nu'000*	
Proprietor's Capital:				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Proprietor's Capital (A)		*XXXX*		*YYYY*
Shareholders Funds:				
Ordinary Shares	*XXXX*		*YYYY*	
Preference Shares	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	

.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	

FORM CIT 2 CIT Standard Accounts Format

.....	*XXXX*		*YYYY*	
Total Shareholders Funds (B)		*XXXX*		*YYYY*
Donor or other Financing: (Capital Grants)				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Donor or other Financing (Capital Grants) (C)	*XXXX*		*YYYY*	
		---		---
TOTAL LONG TERM CAPITAL (A+B+C)		*XXXX*		*YYYY*
		=====		====

Schedule 18: Long Term Loans

Long Term Loans:				
Bank of Bhutan	*XXXX*		*YYYY*	
Royal Monetary Authority	*XXXX*		*YYYY*	
Royal Insurance Corporation of Bhutan	*XXXX*		*YYYY*	
Bhutan Development Finance Corporation	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Long Term Loans (A)		*XXXX*		*YYY*
Donor Financing (Liability):				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Donor Financing (liability) (B)		*XXXX*		*YYYY*
Other Financing (Liability):				
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
.....	*XXXX*		*YYYY*	
Total Other (C)		*XXXX*		*YYYY*
		---		---
TOTAL LONG TERM LOAN (A+B+C)	*XXXX*		*YYYY*	

ROYAL GOVERNMENT OF BHUTAN
REGIONAL REVENUE & CUSTOMS OFFICE

1. DETAILS OF COMPANY

a. Name of Company _____

b. Registered Address of Company _____

Dzongkhag _____ Town/City_____ Street Name _____

Post Box No _____Phone No._____Fax No. _____

Email address_____

2 TYPE OF OWNERSHIP (please tick)

a. Private Company ☐
b. Government Company ☐
c. Joint Venture Company ☐
d. Foreign Company ☐

3 LICENSE DETAILS AND ACTIVITIES

Sl. No	License No.	Date of Issue	Nature of Activity

If required, please use additional sheet.

4. COMPANY REGISTRATION DETAILS

Registration No: _____
Date of Registration: _____

5. NO OF REGULAR EMPLOYEES (including those at branch units)

Number: _____

6. ADDRESS OF BRANCH /SUBSIDIARY UNITS

Sl. No	BIC No	Name of the unit	Town/City	Post Box No	Phone No	Fax No.
1						
2						
3						
4						
5						

If required, please use additional sheet.
Note: Any change in the above information must be informed to the RRCO of registration within one month of the change.

I hereby declare that the above information is true and correct to the best of my knowledge.

Signature of the Chairperson: _____

Name of the Chairperson: _____

FOR OFFICIAL USE ONLY

You are hereby allocated a Business Identifier Code Number _____ by the Regional Revenue Customs Office_____ on _____day _____ month _____ year.

You are requested to use your BIC No in all your correspondences with us.

Yours faithfully,

Name & Signature of the Issuing Authority

འབྲུག་གི་རྒྱལ་ཡོངས་ཀྱི་ལག་ཁྱེར།

དཔལ་ལྡན་འབྲུག་གཞུང་།
ནོར་འཕབ་དང་ཚ་དམ་ལས་ཁུངས།
ROYAL GOVERNMENT OF BHUTAN
DEPARTMENT OF REVENUE & CUSTOMS
ལྷང་ཕྱོགས་ཡིག་ཚང་། **RRCO**.....

Photograph or copy of citizen ID card

FORM PIT-1
REGISTRATION

༡. རང་སོའི་ཁ་གསལ། 1. PERSONAL DETAILS

མིང་ :	Name:
ཕོ/མོ :	Sex (Male or Female):
སྐྱེས་ཚེས་དང་སྐྱེས་ལོ :	Date of Birth:
ལྷ་འགན་ :	Occupation:
མི་ཁྱེངས/གནས་སྟོང་ཚོགཔ་ཨང་ :	ID No./Resident Permit No:
ཕ་མིང་ :	Father's Name:
མ་མིང་ :	Mother's Name:

༢. གཏན་འཇགས་སྟོང་ས་འི་ཁ་བྱང་། 2. PERMANANT ADDRESS

གྲུབ་ཨང་ :	House No:
ཁྲམ་ཨང་ :	Thram No:
གཡུས :	Village:
རྒེད་དོགཅ :	Gewog:
རྫོང་ཁག :	Dzongkhag:
མི་ཁྱེངས (འབྲུག་མི་མེན་པ་ཅིན)	Nationality (If not Bhutanese)

༣. ད་ཚོ་སྟོང་ས་འི་ཁ་བྱང་། 3. PRESENT ADDRESS

ཁ་བྱང་ :	Address:
འཐེམ་སྒོམ་ཨང་ :	Post Box No.
བརྒྱུད་འཕྲིན་ཨང་ :	Tel No: ཨིག་ཚོང་ (O) _____ ཁྱིམ: (R) _____
ཕར་འཕྲིན་ཨང་ :	Fax No:
སྒོག་འཐེམ་ཁ་བྱང་ :	Email Address:

༤. གཅིན་ཀྱི་ཁ་གསལ། 4. MARITAL STATUS

ཀ) ཁྱོད་གཅིན་རྩབ་ཅི་ག? a. Are you married? (tick ✔) རྩབ་ཅི Yes ☐ མ་རྩབ No ☐

ཁ) གཅིན་རྩབ་སྐེ་ཡོད་ན་ གཅིན་སྡེགས་ཀྱི་ཁ་གསལ་འོག་གི་ཐིག་སྒྲིམ་ནང་བཀོད། b. If yes, please fill in the particulars of your spouse below.

ཨང། Sl No	གཅིན་གྱོགས་ཀྱི་མིང། Spouse's Name	མི་ཁྱེངས་ངོ་སྒྲོད་ལག་ཁྱེར་ཨང་/གནས་སྟོང་ཚོགཔ་ཨང། Citizen ID No./ Resident Permit No.	ཐོ་བཀོད་ཀྱི་མངའ་ཁོངས། Region of Registration	འཐབ་ཁུངས་ཀྱི་འབྱུང་ས། Source of Income
༡ 1				
༢ 2				

གོང་གི་ཐིག་སྒྲིམ་ནང་མ་ཚོང་པ་ཅིན་ ཞོག་ལེབ་སོ་སོ་ནང་འཁྲི་ཏེ་བཀྲིན་བསྐྱང། **If required, please use additional sheet.**

༥. བུ་གཞིའི་ཁ་གསལ། 5. CHILDREN'S DETAILS

ཀ) ཁྱོད་ལུ་བུ་གཞི་ཡོད་ག? a. Do you have children? (tick ✔) ཡོད Yes ☐ མེད No ☐

ཁ) བུ་གཞི་ཡོད་པ་ཅིན་ བུ་གཞིའི་དཔྱེ་ཐ་ད་ག་ གསལ་འོག་གི་ཐིག་སྒྲིམ་ནང་འཁྲི། b. If yes, please fill in the particulars of your child/children below

ཨང། Sl No	བུ་གཞིའི་མིང། Name of Child	སྐྱེས་ཚེས་དང་སྐྱེས་ལོ། Date of Birth	འཐབ་ཁུངས་ཀྱི་འབྱུང་ས། Sources of Income	བུ་གཞིའི་འཐབ་ ཁུངས་ཨམ་ག་དང་ཅིག་ཁར་ མཉམ་བསྡུབ་འཐབ་ཐུབ་སྲིད? དེ་གིས་མིང་འཁྲི། Income Clubbed with
༡ 1				
༢ 2				
༣ 3				
༤ 4				
༥ 5				

གོང་གི་ཐིག་སྒྲིམ་ནང་མ་ཚོང་པ་ཅིན་ ཞོག་ལེབ་སོ་སོ་ནང་འཁྲི་ཏེ་བཀྲིན་བསྐྱང། **If required, use additional sheet.**

བཀོད་ཅྭ།
རྒྱབ་ལས་བཀོད་མི་བཀོད་བྱའི་ཨང་དང་ ཐིག་སྒྲིམ་ཚུ་གི་ཨང་གཅིག་ ཅོག་འཐདལ་ བཀོད་ཏེ་ཡོདལ་ལས་ ཅིག་ཤར་འབད་ རྒྱག་རྒྱེ་གོ་བ་ལེན་དགོ།

Instructions:
Please note instructions numbered overleaf correspond to the numbers in the Form, and it must be read together.

Continued on page 2

༦. འབབ་ཁུངས་ཀྱི་འབྱུང་ས།

ཀ) ཁྱོད་ལུ་ འབབ་ཁུངས་ཀྱི་འཐུལ་མོ་ གལ་ཏེ་རང་ཡོད་ག་ འོག་གི་ཨིག་སྒྲིམ་ནང་ཚོ་རྟགས་ བཀོད།

༡. བསྟུལ་མེད་རྩུ་དངོས་ལས་འབྱུང་བའི་འབབ་ཁུངས།

༢. ལེ་ཤང་བགོ་བཤའ་ལས་འབྱུང་བའི་འབབ་ཁུངས།

༣. ཁེ་སང་བགོ་བཤའ་ལས་འབྱུང་བའི་འབབ་ཁུངས།

༤. དངུལ་སྐྱེད་ཀྱི་འབབ་ཁུངས།

༥. དངུལ་ཚོགས་ཀྱི་འབབ་ཁུངས།

༦. འབྱུང་ཁུངས་གཞན་ལས་འཚོན་པའི་འབབ་ཁུངས།

༧. ཚོ་བཀོད་ཀྱི་མངའ་ཁོངས/ཡིག་ཚང།

ཀ) ཁྱོད་ཡིག་ཚང་གཅིག་ལས་ཚོ་བཀོད་འབད་ནི་གི་སྐོར་འདོད་ཡོདཔ་སྟེ?
(འོག་གི་ཨིག་སྒྲིམ་ནང་ཚོ་རྟགས་བཀོད།)

ལྷང་མྱོགས་འོང་འབབ་དང་ཅ་དམ་ཡིག་ཚང་ ཐེམ་ཕུ།

ལྷང་མྱོགས་འོང་འབབ་དང་ཅ་དམ་ཡིག་ཚང་ ཕུན་ཚོགས་ཕྲེང་།

ལྷང་མྱོགས་འོང་འབབ་དང་ཅ་དམ་ཡིག་ཚང་ བསམ་རྩེ།

ལྷང་མྱོགས་འོང་འབབ་དང་ཅ་དམ་ཡིག་ཚང་ དགེ་ལེགས་ཕུག།

ལྷང་མྱོགས་འོང་འབབ་དང་ཅ་དམ་ཡིག་ཚང་ བསམ་གྲྭབ་རྫོང་མཁར།

6. SOURCES OF INCOME

a. Do you have any sources of personal income?
Please tick ✔

1.	Salary Income	☐
2.	Rental Income	☐
3.	Dividend Income	☐
4.	Interest income	☐
5.	Cash crop Income	☐
6.	Income from Other sources	☐

7. PLACE OF REGISTRATION

a. Where do you want to register? Please tick ✔

RRCO, Thimphu	☐
RRCO, Phuentsholing	☐
RRCO, Samste	☐
RRCO, Gelephu	☐
RRCO, Samdrup Jonkha	☐

ཁྲལ་བཀབ་མའི་ཁས་ལྡངས་གསལ་བསྒྲགས

ང་གིས་འཕྲི་ཨོག་འདི་ནང་ བཀོད་མི་གནས་ཚུལ་ཚུ་ ང་རང་གིས་ཤེས་ཤེས་མཐོང་མཐོངས་ཅིག་ཡིད་ཆེས་འདོངས་པའི་ གནས་ཚུལ་ངོ་མ་དང་ཡོ་ཞིན་ཅིར་ ཁས་ལྡངས་གསལ་བསྒྲགས་འབདཝ་ཨིན། གལ་འདེམ་ཅིག་འབད་ གནས་ཚུལ་དེ་དང་ཡོ་མེན་པའི་ བརྫུན་པ་ཨིན་པ་ཅིན་ ང་གིས་འཐུག་རྒྱལ་ཁབ་ཀྱི་ འབབ་ཁུངས་ཁྲལ་ལྟེ་ བཅའ་ཁིམས་ དྲིན་བཏང་ གནད་དོན་ སེའུ་ ༥ པ་དང་འཁྱིལ་ཏེ་ ཉེས་ཆད་དང་ཉེས་ཁྱིམས་དེ་ཚུ་འབག་ཆེ་ཨིན།

TAX PAYERS DECLARATION

I hereby declare that the information given in this Form is true and correct to the best of my knowledge and belief. In case if any information is found untrue and false, I shall be liable for fines and penalties as per Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

ཚོ་བཀོད་འབད་མིའི་རྟགས་ **Signature of the Individual:**.....

ཚོ་བཀོད་འབད་མིའི་མིང་ **Name of the Individual:**.....

ཚེས་གྲངས་ **Date:**.....

༡. ངོ་སྤྲོད་ཨག་ཁྱེར་ཨང་ཤེར་མེ་དེ་ འབྲུག་གི་མི་ཁུངས་ངོ་སྤྲོད་ཨག་ཁྱེར་ཀྱི་ཨང་ལུ་གོ། གནས་སྡོད་ཚོགས་ཐམ་ཨང་ཤེར་མེ་དེ འབྲུག་མི་མེན་མི་ཚུ་ མི་སྡེའི་དང་ཕྱི་མི་ཚོ་སྡེབ་ཁག་ཁུངས་ཀྱིས་ གནས་སྐབས་ཅིག་གི་དོན་ལས་ འབྲུག་ལུ་གནས་ཏེ་སྡོད་ཚོགས་པའི་ཚོགས་ཐམ་ཨང་ལུ་གོ།

1. ID Card No/ R. Permit No. refers to Citizen Identity Card Number for Bhutanese citizens, and Resident Permit No is the Resident permit No issued by the Department of Immigration and Census for non Bhutanese.

༢. གཡུན་འཛགས་ཀྱི་ཁ་བྱང་ཤེར་མེ་དེ་ ཁྱོད་རང་གི་ལོ་ཐཔ་རྟེ་མེ་རྩིས་ གལ་ཏེ་ཚོ་བཀོད་འབདཝ་ཨིན་ན་ དེ་གི་ས་གནས་ཀྱི་ཁ་བྱང་ལུ་གོ།

2. Permanent Address means the place where your census is registered or where census records are located.

༣. དཔལ་འཁོར་ཁ་བྱང་ཤེར་མེ་དེ་ དཔལ་སྤྲོད་པའི་ས་གནས་ ཡང་ཅིན་ ལྷ་དང་ཚོང་ལས་བཅེའ་ དཔལ་རྩེ་ཁ་སྤྲོད་མིན་ན་ དེ་གི་ས་གནས་ཀྱི་ཁ་བྱང་ལུ་གོ།

3. Present address means the place where you are currently residing as a result of work, business etc.

༤. གཅེན་ཆུབ་རྩེ་ཡོད་པ་ཅིན་ གཅེན་ཁྱོགས་ཀྱི་ཁ་གསལ་ད་ ཚུ་ཨིག་སྒྲིམ་(ཧ)ཁ་པ་ནང་འཐེ། ཚོ་བཀོད་ཀྱི་མངའ་ཁོངས/ཡིག་ཚང་དེ་ གཅེན་མ་ཆུབ་པའི་ཉེ་མ་ ལྷང་མྱོགས་འོང་འབབ་དང་ཅ་དམ་ཡིག་ཚང་/མངའ་ཁོངས་ག་ཅི་ཚོ་བཀོད་འབད་ཡོདཔ་ཨིན་ན་ དེ་གི་མངའ་ཁོངས་ ཡང་ན་ ཡིག་ཚང་གི་མིང་ལུ་གོ། འབྲུག་རྒྱལ་ཁབ་ཀྱི་འབབ་ཁུངས་ཁྲལ་ལྟེ་བཅའ་ཁིམས་ ༢༠༠༩ ཟླ་ཚེས་ ༣ པ་ལེའུ་ ༡ པའི་དོན་ཚན་ ༢ པ་དང་འཁྱིལ་ཏེ་ བཅའ་ཚང་ཚུ་གི་ ལྷང་མྱོགས་ འོང་འབབ་དང་ཅ་དམ་ཡིག་ཚང་གི་ནང་ཚོ་བཀོད་འབད་དགོ། འབབ་ཁུངས་ཀྱི་འབྱུང་ས་ ཅིར་མེ་དེ་ གཅེན་ཁྱོགས་ཀྱི་འབབ་ཁུངས་འབྱུང་ས་ལུ་གོ།

4. If you are married, fill in the details of your spouse as laid out in column 4(b). Place of registration means the RRCO where the spouse was previously registered before marriage. As per Part III, Chapter 1, Section 2, of the Income Tax Act of the Kingdom of Bhutan, 2001, all married couples must choose the same RRCO for registration. Source of income refers to source of income of your spouse.

༥. ཁྱོད་རང་ལུ་བུ་གཅེ་ཨོད་ས་ཅིན་ བུ་གཅེའི་ཁ་གསལ་ཐེག་སྒྲིམ་(ཨ)ཁ་པ་ནང་འཐེ། འབབ་ཁུངས་ཀྱི་འབྱུང་ས་དེ་ བུ་གཅེའི་འབབ་ཁུངས་འབྱུང་ས་ལུ་གོ། འབབ་ཁུངས་མཉམ་བསྡུབ་ཅེར་མེ་དེ་ ཨ་དང་མ་ ག་དང་ཅིག་ཁར་ བུ་གཅེའི་འབབ་ཁུངས་མཉམ་བསྡུབ་འབདཝ་ཨིན་ན་ དེ་གི་ཁ་གསལ་ལུ་གོ།

5. If you have children, fill in the details of your children as laid out in column 5(b). Source of income means source of income of your child. Income clubbed with means the name of the parent with whom the child's income has been clubbed with for personal income tax purpose.

༦. འབབ་ཁུངས་ཀྱི་འབྱུང་ས་ཅེར་མེ་དེ་ བུ་གཅེའི་དང་གཅེན་ཁྱོགས་ཀྱི་འབབ་ཁུངས་མིན་ས་ ཁྱོད་རང་གི་འབབ་ཁུངས་འབྱུང་ས་ལུ་གོ།

6. Source of income means the source of your personal income, and not of your spouse and children.

༧. ཚོ་བཀོད་ཀྱི་མངའ་ཁོངས་དེ་ ཁུལ་ཀྱི་དོན་ལས་ མངའ་ཁོངས་ ཡང་ན་ ཡིག་ཚང་གི་ཁྱོད་ཀྱིས་ཁས་ལྡངས་ཀྱི་ཨིན་ན་ དེ་གི་མངའ་ཁོངས་/ཡིག་ཚང་གི་མིང་ལུ་གོ། དེ་ཡང་ ལྷང་མྱོགས་འོང་འབབ་དང་ཅ་དམ་ཡིག་ཚང་གཅིག་གི་ནང་ཚུད་ཚོགས་ཏེ་ ཁྲལ་བཀབ་མི་འབདཝ་ཚོ་བཀོད་འབད་ཆོགས་ཨིན།

7. Place of registration is the place where you want to register for personal income tax purposes. You can register in only one RRCO as a taxpayer.

FORM IT-7 (A) **TDS CERTIFICATE FOR CONTRACTORS**

BIC Code: _____ **Unit Name:** _____

Unit Address: _____

Category of Contractor: (Please tick ✓) ☐ National ☐ Non-National

To
The Regional Director,
Regional Revenue & Customs Office, _____

Sir,
Please find below details of payments disbursed against the specified contract, and the related CIT/BIT deducted at source:

1.	Name/Nature of Contract			
2.	Location of Work			
3.	Value of Contract			
4.	Duration of Contract	From:	To:	
5.	Amount Disbursed	Date:	Taxes Deducted:	Receipt No. & Date:
i				
ii.				
iii				
iv				

Name & Designation of the Agency (Contract Awarder)

Instructions

a) This form is to be filled by the Contract Awarder and issued to the contractor from whom the deduction has been made.
b) The Contract Awarder shall be liable for fines in the event the Contractors Tax is not deducted at the time of disbursement.
c) Contractors Tax deducted must be deposited in the RGR accounts of the Contract Awarder or to the nearest RRCO on the next working day to avoid late fines.
d) If this is the first payment against the contract, please attach a copy of the contract agreement.

FORM IT-7 (B) SCHEDULE OF TDS REMITTANCE FROM CONTRACTORS

Sl. No	Name of Contractor/Firm & Address	BIC No.	Description of Work/Supply	Bill/Invoice No & Date	Advance Amount	Amount Withheld		If Deposited into RGR Accounts	
						Rate of Tax	Amount (Nu.)	Receipt No. & Date	Challan No & Date
						Total			

The above amount of Nu. _____ is remitted by Cash/Cheque/Demand draft No _____ dated _____ _____ to _____ being the deposit of TDS.

Signature & Seal of the Disbursing Officer

Instructions

a) Name of the Contractor/Firm Address is the name and address of the party undertaking contract.

b) BIC No. is the Business Identifier Code allotted to companies/business units by the Department of Revenue & Customs.

c) TDS is applicable on the Gross Running Bill as well as the Advances paid to the party.

d) The rate of TDS is 2% for licensed national contractors and 3% for others, except where TDS falls under PIT.

e) Revenue Money Receipt No or Depositing Challan No. is money receipt/deposit No if you have a separate RGR account and deposit directly.

FORM IT-6 TDS FROM TOUR INCOME

To
The Regional Director,
Regional Revenue & Customs Office,

_____

Sir,

Please find below details of payments on account of 2% TDS on tour income.

Sl No.	Name & Address of Operator	BIC No.	Gross Income Received in Nu.	Amount of Royalty Paid	Net Income	TDS @ 2%

Name & Signature of the Authorized Signatory

Instructions

a) This form is to be filled by the Department of Tourism and forwarded to the nearest RRCO on or before the 10th of the following month.

b) The amount deducted at source must be deposited into a RGR account immediately or on the day following the receipt of the payment from tourists/agencies abroad.

c) A copy of the duly filled form must be sent to the tour operator for information.

d) Failure to comply with the above shall result in fines & penalties as per Chapter 5, Section 34, of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

C A S H B O O K

Page No…….

Page No……

Dr **R E C E I P T S** **P A Y M E N T S** Cr

Date	Vr No	Particulars	LF	Cash		Bank		Date	Vr No	Particulars	LF	Cash		Bank	
				Nu	Ch	Nu	Ch					Nu	Ch	Nu	Ch

GENERAL JOURNAL

Page No……

Date	JV No.	Particular	Folio	Debit		Credit	
				Nu	Ch	Nu	Ch

JOURNAL VOUCHER

JV .No……. Date:……..

Particulars	Folio	Debit		Credit	
		Nu	Ch	Nu	Ch

In words (Ngultrums……

……) Only

Prepared by
Date:……..

Approved by
Date:……

JOURNAL VOUCHER

JV .No……. Date:……..

Particulars	Folio	Debit		Credit	
		Nu	Ch	Nu	Ch

In words (Ngultrums……

……) Only

Prepared by
Date:……..

Approved by
Date:……

General Ledger

Account……. Page No……..

Date	Particulars	Folio	Debit		Credit		Balance		
			Nu	Ch	Nu	Ch	Dr/ Cr	Nu	Ch

General Ledger

Account……. Page No……..

Date	Particulars	Folio	Debit		Credit		Balance		
			Nu	Ch	Nu	Ch	Dr/ Cr	Nu	Ch

DEBIT VOUCHER

Organization……

Vr. No…… **Date**…….

Account to be Debited……	Amount	
	Nu	Ch
Being amount paid		
Total		

Amount in words(Ngultrums……) Only

Prepared by **Received by** **Approved by**
Date:…… **Date:……** **Date:…….**

DEBIT VOUCHER

Organization……

Vr. No…… **Date**…….

Account to be Debited……	Amount	
	Nu	Ch
Being amount paid		
Total		

Amount in words(Ngultrums……) Only

Prepared by **Received by** **Approved by**
Date:…… **Date:……** **Date:…….**

CREDIT VOUCHER

Organization……

Vr. No…… **Date**…….

Account to be Credited……	Amount	
	Nu	**Ch**
Being amount received		
Total		

Amount in words(Ngultrums……) Only

Prepared by
Date:……

Approved by
Date:…….

CREDIT VOUCHER

Organization……

Vr. No…… **Date**…….

Account to be Credited……	Amount	
	Nu	**Ch**
Being amount received		
Total		

Amount in words(Ngultrums……) Only

Prepared by
Date

Approved by
Date:

TRANSACTIONS ANALYSIS WORKSHEET

Sl. No.	Accounts Involved	Type of Accounts	Effects	Dr/Cr	Amount	
					Debit	Credit

Chapter 5: Managing people

5.1 OUTLINE OF CHAPTER

Good people management is far less simple or straightforward than is often thought. This chapter provides guidance on how to develop a human resources management policy that includes the essential elements of managing people effectively, ensuring that they perform to their best and develop personally through their jobs.

As with the financial procedures policy document, it is advisable to have a single **human resources management policy document** that brings together all the organisation's policies on the management and development of its people or human resources. The nine elements or main headings for this are presented in the diagram below.

NINE POLICY ELEMENTS

5.2 EQUAL OPPORTUNITIES AND DIVERSITY

Most NGOs subscribe to principles of equal opportunities and non-discrimination. These concepts are rooted in the commitment to ensure equality of opportunity in all matters relating to employment and conditions at work, and to a working environment and culture free from any form of discrimination. The idea of valuing diversity adds to these principles simply through a more active commitment towards the promotion of difference. In other words, an organisation that values diversity will not only seek a culture and ethos in which discrimination and inequalities of opportunity are not tolerated, but will strive to ensure that it embraces and celebrates difference.

A commitment to these principles can be written up in the form of a statement of good practice to be included, for example, in all employment contracts. It might read as follows:

> X organisation is an equal opportunity employer. It is publicly opposed to any form of discrimination on the grounds of disability, sex, marital or parental status, age, race, colour, nationality, ethnic or national origins, religious belief and sexual orientation in all aspects of its work. It promotes and values the diversity of its staff and partners, and embraces this principle in its programme and organisational culture.

An organisation may wish to include other considerations in its definition of diversity.

> **For example**, if people living with HIV or AIDS suffer unfair treatment and undue discrimination in the country, an explicit provision relating to them may be included.

It is also important to consider the **purpose** of making an explicit policy commitment to equal opportunities, non-discrimination and the promotion of diversity. The following exercise may help with this.

EXERCISE: PURPOSE OF EQUAL OPPORTUNITIES POLICY

Review some policies that national and international governmental bodies and other local and international NGOs in the country have developed and consider what aspects of these the organisation might emulate.

Discuss the benefits such a policy might bring to the organisation. For example, it could ensure that all employees receive the support they deserve to attain their full potential, to the benefit of the organisation and its mission.

Consider the importance of ensuring that staff members practise it in their behaviour at the office and in the communities they support.

The organisation may wish to state that it regards non-compliance with the policy gravely and that behaviour or actions against the spirit of the policy will be considered a serious disciplinary matter.
In addition, the organisation may wish to consider the following aspects for inclusion in the policy document and programme of work.

ADDITIONAL FACTORS TO CONSIDER

Monitoring the composition of the staff body
Maintain confidential records of each employee and his or her racial or ethnic origin, gender, age and any disability, and continuously monitor this to ensure that the staff body comprises a good mix of people.

Setting targets
Some organisations set targets, for example for the number of women or people with disabilities whom they will seek to employ within a five-year period.

Advertising vacancies
- Simultaneously advertise all job vacancies externally and internally to ensure the broadest possible field of candidates.
- Take steps to ensure that information about any employment vacancy is available and accessible to under-represented groups inside and outside the organisation.
- All vacancy advertisements should state the organisation's commitment to equal opportunities, non-discrimination and diversity.

Selection and recruitment
Take steps to ensure that selection criteria (job description, employee specification, competencies required for each job) demonstrate a commitment to diversity.

Positive action
For example, if the organisation provides staff development and training opportunities, it might want to emphasise that under-represented groups within the organisation will be encouraged to apply for these.

Careful recording of the reasons why applicants for job vacancies are rejected or selected can also be an important tool for creating a transparent approach to the selection and recruitment of staff. Stating in the policy that recruitment to all jobs will be strictly on merit will also indicate the seriousness with which the organisation views these issues.

These principles can be incorporated into all employment contracts and into the organisation's mission statement. The contracts can specify that if the new employee believes that he or she is being discriminated against on any grounds related to the policy, these concerns can be raised with his or her line manager or with a trustee to whom the governing body has assigned special responsibility for human resource issues.

5.3 SELECTION AND RECRUITMENT

One of the most important processes for any organisation is the selection and recruitment of the right staff for the right jobs. Some issues in selection and recruitment that relate to equal opportunities, non-discrimination and diversity have been covered in the previous section of this chapter. However, other aspects also warrant careful consideration because the calibre, experience and commitment of the staff employed by any organisation are a key hallmark of its capacity to deliver its mission effectively.

There are a number of steps to take when developing the selection and recruitment procedures for employing a new member of staff. These can be written up as a section of the human resource management policy document. Below are some guidelines on the steps to follow.

STEP 1: ANALYSE ORGANISATIONAL NEEDS

The number and categories of staff that the organisation needs to employ will be largely determined by the strategic plan. This will usually contain:

- a section outlining in brief the number and types of staff needed for the organisation to realise its strategic objectives
- an assessment of any gaps between the staff needed and the existing staff contingent.

If there are mismatches between the staff the organisation already has and the staff it needs, the strategic plan may have suggested some priority areas for staff development or training to fill the gaps identified.

However, as any organisation develops and changes it will need from time to time to recruit new staff. It is important to remember that recruitment should be intimately linked to efficient programme delivery and effective management of financial and human resources. The greatest impact on the lives of beneficiaries or clients does not necessarily come from employing greater numbers of people, because each individual needs good management to perform effectively.

People management is a time consuming and complex business. Look carefully at what the organisation really needs in terms of skills and experience before planning to employ new staff. It is important to take any proposals for the employment of new staff to the governing body for approval before starting a selection and recruitment process. The trustees will need to assess the proposal against both the financial resources available to the organisation and its strategic aims.

STEP 2: DRAW UP A JOB DESCRIPTION

Once the governing body has agreed that the employment of a new staff member is affordable and necessary for the organisation to better deliver its mission and realise its strategic objectives, it will need to draw up a job description and **person specification**.

The more precisely the job description spells out the rationale for the new post; identifies its specific responsibilities; and defines the skills and

experience required, the easier it will be to ensure that the right person is found for the job. Below are some points to consider when designing a job description.

THE JOB DESCRIPTION
A job description might include the following elements:

Background and rationale of post
How does the post relate to the realisation of the organisation's mission statement and its strategic objectives?

Specific responsibilities
What precisely is the post holder expected to do?

Person specification
What are the specific competencies, skills and experience needed to deliver the specific responsibilities?

Contract period
Will the NGO offer the successful candidate a fixed term contract (eg two years subject to continued funding) **or** an open ended contract (eg permanent subject to satisfactory performance and appraisal outcomes)?

If the organisation already has a full staff complement and the strategic analysis shows that it does not, at this stage, need to employ any new staff, it will still be important to do the following:

- Draw up job descriptions for every person on the payroll regardless of the level of the post or the number of hours the post holder works (including, for example, an office cleaner who works only three hours a week).
- Review each person's job description annually to make sure that it continues to reflect accurately the work plans of the individuals concerned.

From time to time it may be necessary to modify or update a job description. If this is done during a contract period, care must be taken to ensure that the elements of the revised job description still add up to the same post. If they suggest a new type of post, it will be necessary to consider initiating a new selection and recruitment process and issuing a new contract of employment.

Any minor changes to a person's existing job description should be discussed and agreed with the employee concerned during his or her annual performance appraisal.

A good time to make more significant changes to a particular job description, or indeed post, is when the existing post holder leaves the organisation. Such changes may also be called for if the strategic planning process suggests the need for a more fundamental overhaul of the staff complement. However, a major restructuring process will place heavy demands on all concerned and should therefore be considered only with the full backing of the governing body.

STEP 3: ADVERTISE THE VACANCY

In most cases it is good practice to advertise a post widely both internally within the office, and externally within the wider stakeholder and partner community and beyond. It is not always essential, however, to advertise a vacancy externally if the vacancy offers an opportunity to promote an existing member of staff. However, the process should be open and transparent, whatever the post advertised.

To advertise a vacancy externally a job advertisement will be needed. This should provide a succinct summary of the job description and a brief statement about equal opportunities and diversity.

The tips below may help decide where and how best to advertise a vacancy.

ADVERTISING A VACANCY

- Advertise the post **within the organisation**, making it clear that the opportunity to apply is open to all employees who believe that they have the necessary competencies, skills and experience.
- Compile a **list of partner organisations**, other NGOs, international NGOs, etc and send a letter together with the advertisement and job description to the Director or person responsible for human resources in these organisations. Ask them to post the advertisement on their notice boards and make the vacancy known to others in their organisations.
- Consider the costs of placing a **job advertisement** in local magazines and newspapers, or in the national and possibly regional or international press. The more senior the post, the wider the field should be.
- Ask the staff and governing body members to share the **advertisement flyer** and job description with organisations and individuals who they think might be interested.

Be sure that everyone knows that the selection and recruitment process will be open and fair. If individuals are approached directly and encouraged to apply, it is particularly important to ensure that they know they enjoy no unfair advantage.

STEP 4: THE SELECTION PANEL

The selection panel needs to be of high quality if every applicant is to have the same consideration and opportunity. Some factors to consider are outlined below.

THE SELECTION PANEL

- Usually the governing body will be responsible for the selection and recruitment of the **Executive Director**.
- For most other **senior and middle level posts** it is important to invite at least one member of the governing body to sit on the panel together with the Executive Director. Some organisations do this regardless of the level of post they are seeking to fill.
- At least one other member of staff should be on the panel and this responsibility is best rotated, so that all employees have the opportunity to develop selection and recruitment skills.
- It can also be helpful to have the perspective that an external person can bring to the process. Such a person might be a representative of a partner organisation, an international or local NGO or another body.

The choice of panel members will be influenced by the nature of the post advertised. It is important to ensure that the selection panel represents a good mix of people in terms of gender, age, ethnic group and so on. If the selection panel itself is not diverse it will be more difficult to meet a commitment to promoting diversity.

STEP 5: SELECTION CRITERIA AND SHORTLISTING

If the skills and experience the organisation is looking for are clearly specified in the job description the task of the selection panel will be easier.

SHORTLISTING CANDIDATES

- It is advisable for the panel to discuss the **'essential'** and the **'desirable'** competencies, skills and experience together and compile a written list, so that as they go through each application individually they can score the results to share with other members of the panel.
- Once this has been done the scores each member of the panel has come up with can be compared to compile a list of between four and eight **shortlisted candidates**.
- Any disagreements among members of the panel need to be aired and discussed fully with a view to reaching **consensus,** but usually the **recruiting manager** has the final word.

STEP 6: INTERVIEWING

There are no hard and fast rules about how to design an **interview process**. This will be influenced by the nature of the post and the precise skills and experience needed. However, every shortlisted candidate should go through the same process, for the sake of fairness. It is good practice to inform candidates what form this will take before the interview date, so that they can prepare themselves.

EXAMPLE: POSSIBLE COMPONENTS OF AN INTERVIEW

- A **finance test** is a written exercise designed to test the candidates' financial aptitude and should be designed by someone with financial expertise.
- A **written test** can be an essay on a particular topic or in answer to a specific question. It is designed to test the candidates' skills in written communication, analysis and strategic thinking.
- In a **panel interview**, two or more panel members can use a pre-determined set of questions designed to test the relevance of the candidates' skills and experience to the post.
- An **individual interview** can be conducted by one person with each candidate to examine, for example, personnel issues such as willingness to travel if this is part of the job, etc.
- In a **group exercise**, all the candidates can be given a topic to discuss in a group. This can help the selection panel assess team working and group interaction skills.
- If the post requires communication with the public, candidates can be asked to make a five-minute **presentation** to the interview panel on a particular topic.

It is important to have a **grading system** for each test, so that the interview panel can assign marks to each candidate and select the person with the highest marks.

For example, each test could be graded: excellent, average, and poor; or A, B, C; or 1, 2, 3. In tests which contain a number of questions, such as the panel interview, each question can be graded using the same system. It is easier if interviewers have a sheet on which to grade each candidate's marks.

It is best if each member of the selection panel fills out a sheet (like the one below) independently, during or directly after each candidate has been interviewed.

EXAMPLE: **INTERVIEW GRADING SHEET**		
CANDIDATE NUMBER OR NAME:		
TEST/EXERCISE	**GRADE/MARK**	**COMMENTS**
Presentation		
Panel interview *		
Finance test		
Overall mark/grade		
Overall comments/observations		

** grade given for each question*

STEP 7: SELECTION

Once all the candidates have been through the interview process, the members of the panel should meet to compare the grades they have given each candidate and any comments or observations they have noted.

It is important to note any significant variations in the grades given by different panellists to each candidate.

> **For example**, Candidate 1 may have been given an overall grade of A/B by one panellist and C/D by another. This may simply be because one panellist tends to mark high and the other low. It may also be because the two panellists picked up different things from the interview process, in which case these differences need to be discussed.

It is not usually difficult for the panellists to reach consensus about which candidate performed best and should thus be offered the job. However, if it is difficult to reach a decision it may be advisable to have a preliminary discussion at the end of the process and then reconvene the following day to look at the assessments afresh. Ultimately, however, it is the **recruiting manager's** assessment that counts. So, for example, if the organisation is looking for a receptionist and the Office Administrator is the recruiting manager, the Office Administrator's view will win out.

STEP 8: INFORMING CANDIDATES

It is extremely important to give ALL the candidates who have participated in a selection process feedback on their performance, whether they have been successful or not. To do this, notes taken during the process will need to be written up clearly and kept on file for some months.

In most cases it will be possible to select the best candidate for the post and to make him or her an offer of employment. However, occasionally the process will result in a **failed recruitment** because none of the candidates performed well enough or seemed right for the post. The organisation will then have to consider re-advertising the post and going through another selection process.

STEP 9: EMPLOYMENT OFFER

It is quite common for an organisation to make a new employee an offer of employment that is subject to receipt of satisfactory **references**. Two references should normally be sought, at least one of which should be from the candidate's line manager in their previous job. Referees could be supplied with the appropriate job description and asked to comment on the candidate's suitability for the job.

Some of the terms and conditions considered below are specified in the **letter of appointment** which is usually sent to the new employee once he or she has accepted a verbal offer of employment, before he or she formally signs an employment contract.

LETTER OF APPOINTMENT

A letter of appointment usually:

- states the **rate of pay** and specifies when salaries are paid (eg monthly in arrears on the last day of each month) and how they will be paid (preferably by bank transfer)
- outlines any **tax** or other statutory requirements, etc
- gives details of the **probation** period
- provides details of any **increments** to be awarded (eg on the first of April each year, after six months' service) until the staff member has reached the maximum for the grade and provided he or she is NOT involved in any disciplinary procedure.

STEP 10: CONTRACT OF EMPLOYMENT

An employment contract is an important document and the new employee should be advised to:

- read it carefully
- query anything that they do not fully understand with the recruiting manager
- keep a copy of the contract in a safe place.

In addition to an equal opportunities statement and any preconditions of employment, the contract will usually include information about terms and conditions of service. Some terms and conditions will be specified in the contract (see below for guidance on which ones). Others can be included in the organisation's human resources management policy document, which can then be referred to in the employment contract.

Terms and conditions include a number of aspects:

- Induction and probation
- Hours of work and core hours
- Salary structure and remuneration
- Subsistence and travel expenses
- Sick leave and sick pay
- Maternity and paternity provisions
- Annual leave
- Compassionate leave
- Secondary employment
- Notice period

5.4.1 INDUCTION AND PROBATION

It is normal for an employment contract to specify the details of induction and a probationary period of employment.

It is important to ensure that new members of staff start off on the right footing. A well planned induction process can make all the difference. The more senior the post, the more time and thought will be required. However, ideally all new staff should receive the elements of induction outlined in the box below, although less senior staff will probably become acquainted with the programme on the ground only at a later stage.

DOCUMENTATION	• A copy of the job description and employment contract • Copies of the governing document, the strategic plan, the annual team work plan, the organisational chart, the latest annual review and any other documents relevant to the post • Copies of the financial procedures policy (see Chapter 4) and human resources policy document or relevant sections of these
BRIEFINGS	• A briefing session with the governing body Chair or another trustee • A briefing session with the Executive Director or another senior member of the team • Briefing sessions with staff members whose work is linked in some way to that of the new post holder • A briefing session with the persons responsible for human resources and finance
PROGRAMME VISITS	• For programme staff, a community visit to talk with beneficiaries and/or a briefing session with members of the organisation's target group

It is a good idea to allow new members of staff a set period of time, a probationary period, in which they can decide whether the post is right for them and the management can decide if the new staff member is up to the job. The details of the probationary period and its implications are normally spelled out in the employment contract. See the example below.

EXAMPLE: PROBATION PROVISIONS

- The first six months of employment are **probationary**.
- During this time the employee is expected to demonstrate his or her suitability for the job and to participate in an **interim performance appraisal.**
- A **performance review** will be conducted at the end of the six months. This will recommend one of three things:
  - that the appointment is confirmed and that the contract will continue, or
  - that the probationary period should be extended (for a maximum of another 8 weeks), or
  - that the employment should be terminated.

5.4.2 HOURS OF WORK AND CORE HOURS

Hours of work are also specified in the employment contract and should reflect the practice of other employers in the locality (for example, 38 hours a week, Monday to Friday, excluding one or two hours' break for lunch; or 40 hours a week, Monday to Saturday, with a half-day on Wednesday and Saturday, etc).

The box below outlines a number of options that the organisation may wish to consider.

FLEXIBLE WORKING HOURS

- Assess the relative costs and benefits of flexible working hours.

OVERTIME WORKED

- Decide on a policy for additional hours worked by staff.

PART-TIME STAFF

- Discuss the advantages and disadvantages of employing part-time staff.

WORKING FROM HOME

- Decide the policy on staff working from home.

It is important to consider whether or not some **flexibility** will be allowed on core office hours.

For example, some organisations require that all staff be in the office (unless they are on authorised travel) between the hours of X and Y; they can fit their remaining contract hours into the working day or week around this as they choose. For example, they can come into the office early and leave early. Other organisations expect all staff to work the same hours.

The relative costs and benefits of flexibility versus a more routine structure need to be carefully considered. If some flexibility is allowed as a matter of policy, it is essential to have clear guidelines about whose authorisation is required and how staff time will be recorded and monitored.

Another complex question is whether the organisation will pay members of staff who are required by their manager to work additional hours of **overtime** or give them **time off in lieu** (TOIL) in compensation for this. Think about how this additional pay or time off will be recorded and by whom.

In addition, the organisation will need to have a policy to deal with weekend (or Friday) work by members of staff who are required, for example, to undertake field trips. Are these individuals entitled to a rest and recuperation day on return from the trip? Consider also whether this time can be saved up or must be taken immediately after the person returns.

For any arrangements concerning time off in lieu or rest and recuperation, the policy will need to be clear about who decides what is appropriate in various circumstances. Some organisations have a rule that an agreement between the employee and line manager must be made in advance at a **monthly supervision meeting**, for example.

The organisation may also wish to specify that TOIL should not be unreasonably accumulated. For example, the maximum period taken as TOIL at any one time should not exceed more than one working week. Staff wishing to exceed this limit should first obtain the permission of their line manager or, in the case of the Executive Director, the Chair of the governing body. It can also be specified that all TOIL should be taken before the end of an employee's yearly contract date.

An organisation will need to provide some guidance about hours of work for **part-time** members of staff. It may also wish to stipulate the importance of flexibility, for example for participation in a meeting that demands the presence of all staff.

Last but not least it is sensible to have some rules about whether or not members of staff are permitted to **work from home** and whose authorisation is required for this.

It is important to bear in mind that the more flexibility the organisation allows over working hours, the more complex monitoring and record keeping will become.

5.4.3 SALARY STRUCTURE AND REMUNERATION

To ensure equity and transparency, it is advisable to design a salary structure which contains the following elements: job grade; starting salary; years of service; annual increment. Annual increment is a specified percentage per annum every year for up to five years of continuous employment, and a different percentage for every year after the employee has worked for more than five years.

5.4.4 SUBSISTENCE AND TRAVEL EXPENSES

Most NGOs have a number of staff members who are required to **travel** away from the office as part of their job description. At such times they will need cash to pay for vehicle fuel, meals and sometimes accommodation. Procedures for dealing with subsistence costs and travel expenses (see Chapter 4: Managing finances) should be summarised in the employment contract.

5.4.5 SICK LEAVE AND SICK PAY

When determining the organisation's policy towards sick leave and pay, it is important to consider both any local legislation and the practice of other employers with a good reputation in the sector. Absence owing to sickness can be a major drain on an organisation's resources, so it is important to ensure that it is only taken legitimately, disrupts the work of the organisation as little as possible and does not harm the employee. The box below outlines key procedures to consider for sick leave.

PROCEDURES: SICKNESS ABSENCE

- Notification of absence from work
- Recording sick leave taken
- Managing return to work after sick leave
- Documentary evidence of sickness

It is important to have some rules governing whom staff members must notify if they know that they are going to be absent from the office. Some organisations specify that notice must be given within a specified time frame. For example, this might be not later than three hours after the employee's normal start time. However, such a rule might be difficult to enforce when staff members do not have a telephone at home.

Some organisations use a **notification of sickness absence form** which the staff member concerned must complete and forward to his or her manager on return to work. This can be kept on file as a record.

Another question to consider is how the organisation will ensure that any sick leave taken was legitimate and that it will not continue to have adverse effects on either the staff member or her/his work once s/he has returned to the office.

Some organisations have a policy that requires the person concerned to attend a return to work **after sickness interview** with their line manager to ensure that any necessary follow-up action is taken and that they are well enough to return to work.

Some organisations require **documentary evidence** of sickness when the leave taken exceeds a certain number of days.

For example, some organisations require a medical certificate or official letter from the individual's doctor (or hospital) after an absence of, for example, seven days. In addition, if sickness continues, a final statement giving the date on which the employee will be fit to resume work may be required.

It is good practice to ensure that employees do not lose pay when they take absence from work owing to sickness or injury. The organisation will need to consider the issue of **sickness pay** from the perspective of both local legislation and good practice, and from the resources it has available. It is sensible to develop some basic scales to govern these payments. It is also essential to make sure that a contingency fund is planned in the annual budget (see Chapter 4: Managing finances).

EXAMPLE: **SCALES FOR SICK PAY**

YEAR OF SERVICE	FULL PAY	HALF PAY
One year	One month	Two months (after four months' service)
Two years	Two months	Two months
Three years	Three months	Three months
Four years	Four months	Four months
Five years	Five months	Five months
More than five years	Six months	Six months

5.4.6 MATERNITY AND PATERNITY PROVISIONS

Most organisations will have some maternity provisions in their human resource management policy document. However, while it is best practice to have a maternity policy, the precise content of it will be influenced by local legislation and the practice of other NGOs. Some of the procedures to consider are presented in the box below.

MATERNITY PROVISIONS

- Rules governing **when** a woman who becomes pregnant must inform the organisation and **whom** she should inform (for example, her line manager).
- A procedure for assessing that it is safe for the woman to continue with her normal duties and to discuss maternity provisions.
- Guidelines about how long the employee must have been in continuous employment with the organisation to qualify for maternity leave (both paid and unpaid) and time off for ante-natal care, etc.
- Rules outlining the maximum number of days or weeks of maternity leave that can be taken and, if it is paid, the rate of pay that the organisation gives.
- Rules concerning the earliest time at which maternity leave may be taken according to the baby's due date, and the advance notice required; similar rules about when the woman must return to work (if she intends to do so) and how much notice of this she must give.
- A woman who decides not to return to her post after the birth of the child would normally be expected to offer her resignation according to the standard procedure.

Some organisations include entitlements to leave and pay for a staff member who becomes an **adoptive parent**. A provision for this may be included in the policy. In addition, **paternity** or partner leave may be offered to a staff member whose partner has had a baby so that he can be present at the time of the child's birth and for some days afterwards. This leave is sometimes also paid, but any additional paternity leave is unpaid and considered on request.

It is good practice to make provision in the annual budget for at least one maternity and paternity leave package a year, more if the number of staff employed is large.

5.4.7 ANNUAL LEAVE

Some organisations calculate each employee's leave entitlement year from the date the contract started. Others define the same **leave year** for all staff as January to December or April to March. In the latter case, it will be necessary to give annual leave proportionally (pro rata) to members of staff who started or ended a contract with the organisation mid-way during the leave year. This is also usually done for staff who work part time or less than full time.

The number of national holidays additional to annual leave will also need to be decided, as will the basis on which these entitlements are calculated for part time staff on a pro rata basis.

In determining the annual holiday leave that members of staff are entitled to it is helpful to develop a scale that reflects the individual's **length of service** with the organisation.

EXAMPLE: **ANNUAL LEAVE**

Below five years of service		**More than five and less than 10 years' service**		**More than 10 years of service**	
Grades 1-3	22 days	Grades 1-3	25 days	Grades 1-3	30 days
Grades 4-6	20 days	Grades 4-6	23 days	Grades 4-6	26 days

To avoid a situation where staff accumulate large amounts of **backdated leave** it is wise to have a policy which states how many days of annual leave from one year may be carried over into the next and how quickly the balance must be rectified.

> **For example,** the organisation may say that up to 25 per cent of leave days can be carried over for up to three months of the next annual leave year. If they have not been taken by this time, they will be forfeited.

To ensure that the effectiveness of the programme, organisation and team work is not jeopardised by staff taking their annual leave at the same time or in a particularly busy period, the organisation will need a procedure to authorise leave. This is usually done through an **application for leave form** that is signed by the direct line manager and possibly also by the Executive Director or governing body Chair. It is helpful if staff plan and apply for their leave days with as much advance notice as possible, although this may not always be feasible.

5.4.8 COMPASSIONATE LEAVE

Many organisations have a policy to govern compassionate leave, which is time off work for special reasons. It is essential to define what this means clearly.

> **For example,** does it cover employees who suffer the death or serious illness of a partner or child? How will 'a partner' and 'a child' be defined in the policy?

5.4.9 SECONDARY EMPLOYMENT

Although part-time staff may have a second employer this practice is best discouraged among full time employees. The policy document and employment contract might state that staff must obtain the permission of their line manager and/or the Executive Director before taking up additional employment, even on a short term basis.

All employees should be clear about their contractual obligations and should not take external employment which:

- conflicts with the organisation's interests, or
- may bring the organisation into disrepute, or
- puts their health at risk.

5.4.10 NOTICE PERIOD

Inevitably in any organisation there will be employees who voluntarily decide to leave an organisation and circumstances in which the organisation will need to dismiss a person because of poor performance or for other reasons. The human resource management policy document should explain the procedures for resignation and dismissal from employment. It is important to consider the factors outlined in the box below.

RESIGNATION AND DISMISSAL

- What is the **procedure** an employee must follow if s/he wishes to resign from her/his post?
- How much **advance notice** does the **employee** need to give the employer so that the resignation does not leave a post vacant for longer than necessary and to ensure that there is no unnecessary loss of salary?
- How much **advance notice** does the **employer** need to give the employee so that s/he can make the necessary preparations to leave and the organisation can find a replacement?
- What is the **procedure for dismissing** an employee for reasons other than those resulting from a disciplinary procedure?
- What is the procedure for dismissing an employee as part of a **disciplinary process**?
- Under what circumstances does the employee have the right to a recommendation or **reference** when leaving the organisation?

For the smooth running of the organisation it is advisable to define as clearly as possible the period of notice required for members of staff who have satisfactorily completed their probationary period. It is fairest if the same period of notice is required from both parties (employer and employee), except in cases of dismissal for **gross misconduct** as part of a disciplinary procedure, where the process differs.

EXAMPLE: NOTICE PERIOD REQUIRED

JOB CATEGORIES	JOB GRADES	NOTICE PERIOD
Titles	1-3	Three months
Titles	3-6	One month in Year 1 of employment and two months thereafter
Titles	6-9	One month

5.5 PERFORMANCE MANAGEMENT

How employees are managed is one of the most important determinants of the organisation's success and programme impact. It is thus essential that the organisation discusses and agrees the **core elements** of the performance management system that will be used and documents them clearly in the human resource management policy document.

Principles

It is important to look at the **principles** of performance management that the organisation wishes to follow. The box below presents some questions to consider.

KEY PRINCIPLES

1. Assess the benefits for the organisation
- What are the main benefits of performance management for the organisation?
- What are the main benefits of performance management for the individuals the organisation employs?

2. Agree on key processes
- How will the organisation ensure that the performance management system adopted is fair, transparent and accountable?
- Who will be responsible for reviewing the performance of the Executive Director (for example, the Chair of the governing body)?
- Will the Executive Director delegate responsibility for reviewing the performance of more junior staff to others in the office? How will the line managers give feedback on junior staff performance to the Executive Director?

3. Agree on reviews
- When will annual performance reviews and interim reviews with staff take place?
- Will the agreed outcomes of all reviews be kept on the individual staff member's file or will the interim reviews simply be more informal than the annual review?

4. Discuss preparation
- How will staff prepare themselves for performance reviews?
- Does the organisation have the necessary skills to implement a performance review system or is training required?
- How might such training be acquired?

What is performance management?

Performance management can be defined in different ways, but it usually comprises three core elements:

- The **day-to-day management** of an individual's performance to ensure that what needs to be achieved is achieved effectively and on time. It requires good two-way communication between an individual employee and his or her line manager, and positive and critical feedback about how well the work is going.
- **Performance review or appraisal** to assess if each employee is performing in his or her job according to clearly defined objectives or an agreed work plan. These reviews are usually held once a year, with interim appraisals either monthly or quarterly.
- **Staff development** through which each employee's existing skills, knowledge and experience are developed so that he or she performs as effectively as possible in the job.

Addressing poor performance

Most individuals perform to their best in a management system that is supportive, fair, and transparent and open. But one of the most difficult issues to deal with is the poor performance or under-performance of a staff member.

ADDRESSING POOR PERFORMANCE

The line manager is responsible for making sure that the employee:

- knows what aspects of his or her performance must be improved, how and by when
- understands how achievement of the necessary improvement will be assessed and measured
- is clear about who will provide help or support
- agrees on a date on which to review progress.

In addition the line manager will:

- ensure that improvements are acknowledged (verbally and in writing)
- review the individual's work to ensure that progress is maintained.

If the line manager responsible notes any aspect of an individual's poor performance during day-to-day management of that person, the manager should raise these issues openly and frankly in the monthly or quarterly interim appraisal. There will then be few surprises for either party in the annual appraisal or review process.

What is an annual performance review?

Usually the annual performance appraisal or review includes the elements in the box below.

THE ANNUAL PERFORMANCE APPRAISAL

- An assessment of the overall performance of the individual during the previous year in terms of his or her key responsibilities and agreed objectives or work plan.
- A review of each objective or of the different components of the individual's work plan.
- A discussion about the individual's performance highlighting areas of particular achievement or strength and those that need improvement or further development.
- An opportunity for the employee to give the line manager feedback on his or her management and support of the employee over the year and any areas of tension or potential difficulty.
- A discussion of the employee's development needs for the year ahead based on his or her new objectives or work plan.

How to deal with disagreement

Where there is open, transparent and honest communication on performance issues between an employee and her line manager throughout the year, there will usually be little disagreement over the points discussed during the annual performance review. However, this is not always the case.

It is important to invest some time and energy in resolving any disagreement by talking about where the difference of opinion lies and sharing information that 'proves' or 'disproves' the performance or behaviour around which the disagreement revolves. If this does not lead to greater consensus, then the employee should understand that she may take the issue to her line manager's manager. In the case of the Executive Director, this will be the governing body Chair.

Lastly, if all else fails the person who perceives himself to be the injured party may wish to use the **formal grievance procedure** outlined in section 5.7 below.

5.6 STAFF DEVELOPMENT

Staff development is one of the most effective tools for ensuring that the organisation can retain staff and that individuals perform to the best of their potential.

Staff development is all about strengthening each person's existing knowledge, skills and ways of working and helping them to acquire new skills, experience and knowledge so they can perform their jobs more effectively.

Developing people is not only about formal training, although this can play an important role. It is also about learning in different ways, both formal and less formal, through workshops and short courses; mentoring, coaching or shadowing others; on-the-job experience; sharing ideas, skills and experiences with colleagues, clients and partner organisations; self-reflection on mistakes and achievements, what works well and less well; using the internet (if this is an option); and from private study and reading. Some of these forms of learning can be planned.

For example, if a new Programme Officer has little prior experience in developing a project proposal her manager could arrange for her to be mentored by a more experienced Programme Officer in the same or another organisation. The mentor would be a person whom the new Programme Officer could ask for special advice and assistance. The mentor could invite the new Programme Officer to be a shadow during the process of developing a project proposal. The mentor would also look out for useful events such as meetings and workshops that the new Programme Officer might participate in to help develop her skills and confidence.

Other forms of learning are either continuous or occur spontaneously as part of an individual's daily work practice or leisure. Much learning is based on an attitude of mind – the willingness and desire to learn more and to improve practice – and **organisational culture:** an environment which encourages 'no blame' and learning through sharing and doing. This is encouraged through team working, clear policies, robust performance management, and non-hierarchical structures.

5.7 RAISING CONCERNS AT WORK (GRIEVANCE)

In some cases performance and other issues cannot be resolved through dialogue, but require more **formal procedures**. It is important for an organisation to have a policy on how staff can raise concerns at work. Staff members need to understand how to use it if they need to.

In the past all the strands of such a policy fell under the title of a 'grievance policy'. In today's more complex and aware world, it is recognised that some issues, such as bullying and harassment at work, cause grievance of a particularly difficult nature. Hence a new and more innovative approach to employees' concerns in the workplace is developing in the public, private and 'not for profit' sectors.

Why is it important to have a grievance policy?

- Having a grievance policy enables employees to raise concerns at work more easily, whether these concerns are about their own employment or about other aspects of the organisation's operations.

- Such a policy reflects the organisation's commitment to the highest possible standards of openness, probity and accountability. In line with that commitment employees with serious concerns about any aspect of the organisation's work are encouraged to come forward and express them.

To whom do employees air a grievance?

In the vast majority of cases employees who have concerns should be advised to share these with their line manager in the first instance. The employee concerned must be assured that the line manager will treat the concerns seriously and deal with them promptly. In special circumstances, however, this course of action may be inappropriate and therefore the policy should state that the employee may approach a member of the governing body.

When should an employee raise a concern?

It is important to promote good employee relations by encouraging employees to raise concerns about matters affecting their employment at an early stage.

It is also important to emphasise that the organisation will provide all reasonable protection for employees who raise genuine concerns in good faith. Staff must be assured that if they raise a concern in good faith that is not subsequently confirmed by investigation, no action will be taken against them. If, however, it is the considered view of the relevant manager or the governing body Chair that an employee has raised a concern frivolously, maliciously, or for personal gain, it must be emphasised that disciplinary action may be taken.

What is 'whistle blowing'?

Any serious concern an employee may have about any aspect of the organisation's work or about the conduct of other employees, trustees or others acting on behalf of the organisation, should be reported. It is important at a policy level to be very clear about what such concerns mean in practice. In the following example, a serious concern is seen to relate to one of three things.

EXAMPLE: DEFINITION OF A 'SERIOUS CONCERN'

- It is against the organisation's policies.
- It falls below established standards of practice.
- It amounts to improper conduct, including something that is believed to be:
  - against the law
  - a health and safety risk
  - damaging the environment
  - misuse of donated money
  - corruption or unethical conduct
  - abuse of clients or service users.

These concerns must be treated in confidence and every effort must be made to protect the identity of the employee raising the concern if he or she so wishes. However, the employee may be required at the appropriate time to provide a statement or act as a witness. Concerns expressed anonymously are normally NOT investigated unless the relevant manager and the governing body agree that there is sufficient evidence to proceed.

5.8 DISCIPLINARY PROCEDURES

Employees of the organisation are expected to preserve its good reputation at all times and to show the highest standards of behaviour while in its employ. This is particularly important for organisations established to promote the rights and needs of those who are less fortunate in society. Here staff conduct must at all times be beyond reproach. Before starting work with the organisation all new employees should be urged to familiarise themselves with the disciplinary procedures. These should apply to all employees regardless of seniority or grade.

The questions in the box below provide a guide for discussion and decision making on disciplinary procedure.

A DISCIPLINARY PROCEDURE

What is the purpose of a disciplinary procedure?

It is designed to:

- Help an employee whose conduct or performance gives cause for dissatisfaction to improve the situation.
- Clarify the rights and responsibilities of managers and employees.
- Encourage effective managerial support, thereby reducing the need for formal disciplinary action.

When is the procedure used?

The main areas which might involve the use of the disciplinary procedure are:

- issues of competence
- misconduct
- gross misconduct.

How does a disciplinary procedure work?

- All stages of the procedure must be carried out as quickly and carefully as possible in the interests of all concerned.
- Employees may be suspended on full pay for purposes of investigation or for the protection of other individuals.
- Disciplinary measures might include any one or more of the following:
  - verbal warning
  - first written warning
  - final written warning
  - loss of pay
  - demotion
  - transfer
  - dismissal with or without notice.

What are the employee's rights?

At each stage in the procedure employees have the following rights:

- to be informed of the complaint against them
- to state their case and call witnesses if necessary
- to be accompanied by a friend, or work colleague
- to be given a written reason for any decision taken
- to have access to all relevant records and correspondence on file
- to use the appeals procedure.

Appeals

It is important that the disciplinary procedures policy allows employees a right of appeal against any disciplinary decision. Such appeals should be made in writing as promptly as possible (for example, within 10 working days of written notification of a disciplinary decision). If an employee's appeal is to receive a fair hearing it is also important to establish an **appeals panel** which the governing body can ask to review the case. The appeals panel should not have been involved in the disciplinary procedure and may be nominated from outside the organisation.

Disciplinary records

Following any disciplinary action a note should be kept on the employee's file for a specified period of time. Most organisations allow the **expiry time** to be determined by the disciplinary panel according to the gravity of the case.

5.9 HARASSMENT AND BULLYING AT WORK

An increasing number of NGOs are developing a policy to tackle bullying and harassment as part of their overall human resources management policy. Such a policy demonstrates the organisation's commitment to providing a healthy, safe and productive working environment for all its employees. It is based on the assumption that this cannot be achieved if harassment or bullying are tolerated in the workplace. Harassment and bullying are usually defined as coercive, offensive or intimidating behaviour which undermines the right of others to be treated with dignity at work. Examples of such behaviour are given in the box below.

SOME DEFINITIONS OF BULLYING AND HARASSMENT

1) The harassment of people who are perceived by another as being different and/or inferior because of their race, gender, ethnicity, religion, disability.

2) Harassment or bullying of one employee by another which can take a number of forms including the following:
   - physical aggression or intimidation
   - practical jokes which embarrass or humiliate
   - verbal abuse, including personal insults, offensive comments, taunts, threats, malicious gossip or innuendo
   - abuse of an individual's right to personal privacy, for example intrusion into another employee's personal property or into their private life
   - deliberate exclusion of an employee from normal social or professional contact at the workplace.

3) Harassment or bullying of employees by their manager which can include the following behaviours:
   - humiliation, for example reprimanding an employee in front of other employees when this could be done in private
   - verbal abuse, for example personal insults directed at an employee
   - victimisation, for example singling out an employee for unjustified criticism
   - intimidation, for example aggressive behaviour or threats directed at an employee
   - the persistent placing of excessive demands on employees, setting of unrealistic work targets or objectives, or the changing of targets or objectives without good reason
   - instructions or requests to employees to perform inappropriate tasks which are outside the remit of the job, for example personal errands.

Responsibilities

It is important that a policy to prevent harassment and bullying at work outlines clearly the responsibilities of both employees and managers. All employees should be aware that it is their responsibility to maintain appropriate standards of behaviour in the workplace and to ensure that they do not contribute to the creation of a work environment in which harassment or bullying is condoned or encouraged. They should also challenge harassment or bullying on the part of others where appropriate, and should report any incident to their line manager or to the governing body. Over and above this, it is the responsibility of all managers to prevent harassment and bullying wherever possible and to take appropriate action against such behaviour when necessary. In particular, the policy can specify the responsibilities of managers outlined in the example below.

EXAMPLE: MANAGERS' RESPONSIBILITIES

- As part of their normal responsibilities, managers should be alert to the possibility of harassment or bullying.
- Managers should correct any behaviour which could be seen as contrary to this policy and remind employees of the policy when appropriate.
- They should ensure that this policy is communicated to newly appointed employees during their induction and is reinforced at regular intervals in routine meetings, briefings, etc.
- They should provide a supportive framework for any employee with a complaint of harassment or bullying.
- They should take prompt action to deal with harassment or bullying as soon as it is identified, including disciplinary action where appropriate.
- They should keep records of any incidents of harassment or bullying reported or observed.
- They should treat all cases of harassment or bullying with appropriate confidentiality and consult the governing body for advice where appropriate.

Cases of harassment and bullying can be managed either **informally** or **formally**, as outlined in the example below.

EXAMPLE: INFORMAL AND FORMAL PROCEDURES

INFORMAL

- Employees who wish to raise an issue concerning harassment or bullying informally should approach their line manager or the Personnel Officer on the executive committee.

- In minor or isolated cases of harassment or bullying, it may be possible for the issue to be settled informally and confidentially between the parties themselves. For example, one employee could ask another to refrain from a particular type of intimidating behaviour.

FORMAL

- If an informal approach fails, or if harassment or bullying take a more serious form, the employee should bring the situation formally to the attention of her line manager. An employee who feels that she is being harassed or bullied by her line manager should bring the situation to the attention of a more senior manager or to the governing body.

- The employee may nominate someone else to raise the matter with an appropriate manager on her behalf.

- The manager to whom the incident is reported should arrange for an immediate and thorough investigation, and then take appropriate action. Managers should seek advice from the governing body on whether formal disciplinary action is appropriate.

- The manager should take steps to ensure confidentiality and fairness to both parties. It is particularly important that no-one should be victimised as a result of making a complaint or being the subject of a complaint of harassment or bullying.

If an employee is not satisfied that a complaint has been dealt with speedily and effectively, he or she should use the organisation's grievance procedure (see section 5.7 above).

5.10 HEALTH AND SAFETY AT WORK

What is the purpose of a health and safety policy?

Some of the reasons for having a policy to ensure good standards of health and safety for the organisation are outlined in the box below. Consider additional ones that are specific to the organisation or its programme.

EXAMPLE: PURPOSE OF HEALTH AND SAFETY POLICY

- To provide healthy and safe working conditions, equipment and systems for all employees, volunteers and members.
- To facilitate sharing of information and training around health and safety issues.
- To demonstrate the organisation's commitment to the health, safety and welfare of all employees and other people who come into contact with it.
- To ensure compliance with any national legislation and local best practice.

Who is responsible?

It is advisable to nominate two people in the organisation, a member of staff AND a member of the governing body, to oversee health and safety. The governing body member might have prime responsibility for ensuring that the health and safety policy is adhered to; and the staff member might be responsible for ensuring that day-to-day arrangements on the office premises are appropriate and for undertaking an annual risk assessment.

However, it is important to stress that all employees of the organisation have the responsibility to work together with the management team to achieve a healthy and safe working environment, and to take reasonable care of themselves and others. Employees should be encouraged to refer any concerns they may have about health and safety to the nominated representatives so that they can initiate appropriate action.

5.11 CONCLUSION

After working through this chapter the organisation should have developed a clear human resources management policy that will help to make sure that its most valuable resources – people – are well managed, highly motivated and able to work in a creative yet safe and secure environment. The box below highlights some of the benefits such a policy can bring to an organisation and its staff team.

BENEFITS OF A HUMAN RESOURCES MANAGEMENT POLICY

Equal opportunities and diversity	The staff team, partner organisations, beneficiaries and funding agencies know that discrimination is not tolerated: rather, diversity is celebrated.
Selection and recruitment	The right staff are chosen for the right jobs through open and transparent processes.
Terms and conditions	All members of staff know what they are entitled to in terms of remuneration, leave and other benefits.
Performance management	Principles are agreed for managing individual performance and the team understands the annual review process, how to resolve disagreement and how poor performance will be handled.
Staff development	Team members are motivated to seek new knowledge and practice in a learning environment.
Grievance	Staff members understand what a grievance is and know what to do and expect should they air a grievance or 'blow the whistle'.
Disciplinary procedures	Everyone understands how seriously poor performance or misconduct are addressed and what rights and obligations they have.
Bullying and harassment	Staff members know that bullying and harassment are not tolerated and that their managers have special responsibilities to ensure a safe and secure working environment for all.
Health and safety	The purpose of health and safety procedures is understood and responsibilities for observing these are clearly defined.

MARKETING SUSTAINABLE TOURISM PRODUCTS

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INTRODUCTION

I am very proud to write this introduction for several reasons: first of all this, the work that the Region of Tuscany began several years ago on the subject of sustainable development culminates in this report and at the same time a new phase of our work commences with it. In Tuscany we are very conscious of the risks that high impact tourism can bring, so we have tried to create the conditions that will allow growth of the tourism sector while respecting the environment and its resources.

We have implemented many initiatives involving all tourism actors: from incentives for acquiring environmental certifications; to support for promoting and marketing of our diverse tourism products, to special funding for upgrading tourist services; as well as by creating the *Benvenuti in Toscana* (*Welcome to Tuscany)* protocol for tourism service suppliers which, in addition to increasing consumer protection, aims at integrating tourism, local identity and local culture. Furthermore, the annual *Euromeeting: European Regions, Tourism and Sustainable Development* conference, organised in collaboration with the Committee of the Regions of the European Union, has made Florence a privileged venue for discussing good practices in sustainable tourism at the European and international levels. The experience we have developed through *Euromeeting* has allowed us to cooperate with many important organisations who share our views on sustainable tourism. I am referring, in particular, to our collaboration during the 2004 edition of *Euromeeting* with the United Nations Environmental Programme and the special workshop *Marketing sustainable tourism products: challenges and opportunities* on to how to link supply and demand for sustainable tourist products. This workshop brought together a group of the field's leading experts for an in depth examination of the sustainable tourism market: from a detailed analysis of demand and therefore consumer requirements, to the role of intermediaries (tour operators, travel agencies, e-booking systems, etc.), to the tools for generating and influencing demand (information, tourist guides, etc.).

This report not only documents the many valuable contributions of these experts and international operators, but goes a step further to propose some practical considerations on how to reach consumers who are interested in sustainable tourism products and how businesses can move towards supplying those products. Our intent is, therefore, that this publication may become a small "knowledge base" for everyone - entrepreneurs, operators, institutions and consumers - who are concerned, as we are, that the tourism sector continues to develop, but in harmony with each local environment and identity.

Susanna Cenni
Regional Minister for Tourism and Commerce
Region of Tuscany

FOREWORD

World consumption expenditures, both private and public, have grown at an unprecedented rate, propelling considerable advances in human development. However, the environmental and social 'gains' achieved by adopting good environmental and social practices in business are being wiped out by this exponential growth in consumption. Clearly then today's environmental and social crisis can't be solved only by tackling the production cycle, but consumption patterns also need to be firmly addressed.

The concept of 'sustainable consumption' is not new. Agenda 21, the plan of action adopted by the delegates to the Conference on Environment and Development in Rio in 1992, includes a chapter dedicated to the need for reorienting consumption toward more 'sustainable' patterns. The definition of 'sustainable consumption', officially adopted in 1995 by the UN Commission on Sustainable Development, calls for 'the use of services and related products which responds to basic needs and brings a better quality of life while minimising the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the life cycle so as not to jeopardise the needs of future generations.

Sustainable consumption and cleaner production are the two sides of the same 'sustainability' coin that meet at the level of the product or services. But only if 'sustainable production' is matched by 'sustainable consumption', can we ensure that the sustainability gains are not erased by continuous growth in consumption. A 'virtual' cycle will then set in by guaranteeing 'market rewards' to those businesses that have adopted innovative practices to make their operations environmentally and socially sustainable, thereby encouraging more and more businesses to start adopting sustainable practices, until sustainability becomes a common playing field.

In tourism today there are many recognised business leaders that have integrated sustainability into their core business. However, sustainability has not yet been mainstreamed into the production of tourism related services. Many surveys carried out mostly at national level on the willingness to pay for more sustainable tourism products indicate that there is a growing sensibility on these issues, but product selection and purchasing is mostly not yet related to sustainability factors. The result is that many business leaders that have 'taken the road' of sustainability are not experiencing any real reward for their responsibility towards the host environment and communities.

The United Nations Environment Programme and the Region of Tuscany have joined forces to better understand the barriers that prevent demand and supply for sustainable tourism services from meeting, the main challenges for the promotion and distribution of services that claim to be 'sustainable', and the role that 'tourism distribution channels' could play in strengthening the demand/supply link for sustainable tourism products.

The workshop on *Marketing sustainable tourism products: challenges and opportunities* was convened in Florence, Italy on 5th November 2004 during the *4th Euromeeting*: *European Regions, Tourism and Sustainable Development* which is organised annually by the Region of Tuscany in collaboration with the Committee of the Regions of the European Union. We invited key representatives of the identified 'distribution tools' to share their perspectives on what could be their role in supporting wider distribution of 'sustainable tourism suppliers'.

We also involved representatives of the most traditional distribution channels in the tourism industry such as travel guides, tourism fairs, internet agents, tour operators, as well as consumer associations for their potential role in mobilising large number of consumers towards better products. This report summarises the rich and inspiring contributions made by these experts.

We consider this report as just a first step. We wish to continue the discussion and move forward to take action to improve the link between supply and demand for sustainable tourism products, as we believe that only by creating a real, strong and stable demand for sustainable products, will production make a real shift towards sustainable 'production' patterns.

Paolo Bongini
Region of Tuscany

Giulia Carbone
United Nations Environment Programme

SUMMARY

Many businesses nowadays are working towards incorporating sustainability into the core of their products. Quite often these products are the result of a well thought sustainability concept, and yet the entrepreneurs behind it fail to reach the marketplace, because they lack marketing expertise and knowledge of the tourism industry's distribution channels. These tourism companies, and particularly small firms from developing countries, suffer from poor targeting, market segmentation and positioning, low consumer product knowledge, and consumer risk perception.

Distribution channels are key to increase the exposure of sustainable suppliers, and to capitalise on the latent market demand for sustainability by changing behaviour in non-sustainable firms. Each channel has strengths and weaknesses which are reviewed with a range of examples showcasing good practice. These channels are analysed from the point of view of the supplier for equity, cost-benefit, market penetration and normalisation potential. The results show that few channels have high equity, but many of them offer a good cost-benefit ratio, hence efforts are needed to provide opportunities for businesses. The market penetration and normalisation potentials show the channels with the greatest overall scope.

Policies should encourage industry associations and individual distribution channels to introduce sustainability criteria for their suppliers. A stepped approach could first introduce criteria where eco-savings can be made, and where sustainability is part of the quality evident to the client, as well as customer education. This first step aims to allow companies with low access to training and know-how to repay their investment through the eco-savings, and develop a proactive culture. A second step would require industry associations to introduce more complex standards such as labour and other fair trade specific issues, as well as deepening into the many aspects of sustainability that the clients may not notice during their visit, but will have great importance to the long term wellbeing of the destination.

Destination management organisations and tourist boards are useful to create destination brands and can act as sales portals. They can strengthen their role by setting standards and providing training. Tour operators are key sales channels that allow tourism companies to sell large volumes, usually at a lower price than if selling direct. Large operators, but also increasingly smaller ones are setting sustainability standards for their suppliers as well as support mechanisms. Guidebooks are very successful marketing tools but they require products to be unique and a long lead time, and as such are mid- term investments. These guidebooks should make the criteria for inclusion more explicit, emphasising sustainability. Media can be a powerful tool for consumer education and the challenge here is to feed interesting unique stories to the press that change consumer behaviour, as suchfor example a public relations clearinghouse on sustainability would be an attractive tool.

Certification schemes are increasingly setting standards for tourism firms and providing guidance, but their implementation is not widespread and with low equity and low consumer recognition they are a tool for business to business lobbying. As such the recommendation is to experiment with their implementation. Travel fairs are useful venues to for learning about the market and renewing contacts but their negative cost-benefit means they are not accessible to most, and they should, therefore, be seen more as events to educate suppliers on marketing, and be packaged by tourist boards as part of training for developing companies. Internet retailing has the potential to reach a broader market but for the inexperienced tourism firm much training is needed, with priorities such as managing risk perception of consumers if operating their own website, to possibly paying high commissions for discounted last minute travel sites. More regulation of internet retailing will increase consumer trust and particularly help small firms. Finally, consumer organisations are powerful brands to endorse products, but as in the case of guidebooks, are mid-term investments and require clearer sustainability criteria, as well as a stronger contribution to consumer education.

METHODOLOGY AND ACKNOWLEDGEMENTS

The report reviews the strengths and weaknesses of the tools and channels available to promote and distribute sustainable tourism products. The distribution and promotion channels chosen were destination management organisations and tourist boards, tour operators, guidebooks, media, certification schemes, travel fairs, internet retailers and consumer organisations. These were chosen because of their turnover, and their potential to reach markets and contribute to mainstream sustainability in the tourism industry. Each tool has been analysed by focusing on the following aspects:

1. Description of the tool. How can each tool be used to promote sustainable products? Quality, legal and systematic obstacles amongst others.
2. Supplier equity. What does a tourism company have to do to be promoted through each channel? What characteristics do these companies need to have? Can all suppliers access it?
3. Market penetration potential. Markets targeted by each channel. Social demographics, size, growth, purchasing behaviour.
4. Cost-benefit analysis. Is this a cost-effective method to market sustainable tourism products?
5. Normalisation potential. How effective can each tool be to move sustainable tourism from a niche to a mainstream product? Forecast of sustainable tourism products each tool could be marketing (either in total, or as percentage of the company's portfolio).

UNEP and the Region of Tuscany convened a workshop on *Marketing sustainable tourism products: challenges and opportunities* during the *4th Euromeeting Conference* in Florence on 5th November 2004. Key representatives of the selected 'distribution tools' were invited to share existing efforts in promoting sustainable tourism suppliers, and perspectives on what could be their role in more effectively supporting 'sustainable tourism suppliers'.

In alphabetical order, the speakers at the workshop were Piegianni Addis (Kel 12 - on outbound tour operator), Sylvie Blangy (TUKTU Consultancy - on travel fairs), Chuck Bell (US Consumers Union - on consumer organisations), Jeremy Garrett (NaTour Communications - on marketing communications), Marcello Mariotti (Hello Tuscany - on inbound tour operators), Andreas Museler (LTU Touristik - on outbound tour operators), Malcolm O'Brien (Lonely Planet Europe - on travel guides), Caroline Ofroegbu (Alliance Internationale de Tourisme & Federation Internationale de l'Automobile – on consumer organisations), and Ronald Sanabria (Rainforest Alliance – on certification).

Prior to the aforementioned workshop, UNEP called a preparatory meeting to share experiences between firms and explore joint initiatives. We would like to thank the following experts who participated in this meeting together with the speakers outlined above: Ellen Bermann (Ventaglio), James N. Holleran (Ecole Hoteliere de Lausanne), Ulrike Rheinberger (Oko-Institut), and Matteo Montebelli (Touring Club Italia).

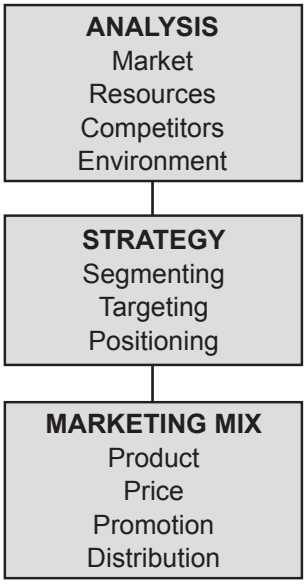
In preparation for the workshop participants were interviewed by telephone, based on a previously distributed set of questions. Alongside preparations for the event in Florence, further telephone and face to face interviews were conducted following the same lines of enquiry with Dr Heba Abdel Aziz (Ministry of Tourism, Sultanate of Oman), Taha Al-Mahbashi (Yemen Tourism Promotion Board), Mohamed Al Sonidar (Yemen's General Authority for Tourism Development), Anke Biedenkapp (Reisepavillon), Simon Calder (The Independent), Justin Francis (), Richard Hammond (freelance journalist), Richard Hearn (Inntravel), Dale Hudson (IMEX), Thomas Husson (UNEP), Michael Lomotey (The Good Alternative Travel Guide), Birgit Rettig (independent consultant), and Jennifer Seif and Jenny Tholin (Fair Trade Tourism South Africa). The first draft of this report was consulted during December with the participants of this workshop and the experts interviewed, as well as with Constantinos Andriotis (Hellenic Open University) and Graham Miller (University of Surrey). The final editing was done by Karen Schwartz (Leeds Metropolitan University). The report has been printed through the courtesy of the Region of Tuscany.

MARKETING SUSTAINABLE TOURISM PRODUCTS

Many entrepreneurs fail to understand the nature of the tourist industry as a marketplace, and assume that because they have an authentic and exciting tourism product, clients will find them. Many donors and policy makers also make the same mistake, funding conservation projects expecting that tourism will generate sufficient revenues for the long term survival. Underestimating the challenge, as well as the cost of distributing tourism products is a key reason why new tourism ventures fail, and why many donor projects do not survive beyond the initial subsidised period. The challenges mentioned here apply in the majority both to sustainable and non sustainable tourism products.

Reviewing the key stages of a marketing plan provides some background to this report. The first stage is a thorough analysis of the market, resources, competitors and the business environment. The second stage is to decide on the strategic choices of how to segment markets, to determine the markets to be targeted, and to plan an appropriate product positioning. The latter part is to determine the marketing mix, which in its most basic sense means how the product will be offered to tourists, the price that will be charged, how the product will be communicated, and how it will be distributed. It is through examining the requirements of these promotion and distribution channels that projects and firms face the reality check of what the market wants.

Figure 1. Key stages of the marketing plan



Box 1. What is a sustainable tourism product? The concept of a 'sustainable tourism product' is here understood broadly as meaning those that use resources in an environmentally responsible, socially fair and economically viable way, so that users of the product can meet their current needs without compromising future generations from being able to use the same resources. Measuring sustainability is a complex issue and the criteria vary according to the product type and local conditions. Deciding what is ultimately sustainable for a particular community is a balance between local circumstances and expectations and best practice in technology and environmental management.

Three key issues are highlighted below that influence the success of marketing efforts by tourism companies. Many of these cannot be solved by individual tourist firms or even through collaboration at a destination level; it is however important to be aware of them to consider how they will affect the promotion and distribution of tourism products.

Targeting, segmenting and positioning

Poor market research, which is often the result of limited data availability coupled with unrealistic expectations of occupancy levels in low and shoulder seasons, cripple small business start-ups. These businesses tend to have limited understanding of consumer behaviour, particularly for international markets. Tourist boards share the responsibility of providing such information and delivering training as well as joint marketing services to reach the markets.

There are many examples of sustainable tourism products that are not viable because the supplier has failed to understand market needs, often through a failure to engage the industry in product development. This is sometimes the result of agencies working with host destinations that have suffered the negative impacts of unsustainable development, and then fail to involve operators, on whom marketing success often ultimately depends.

Resource based instead of market led. Sustainability means authenticity, which in turn suggests that the tourism product should not be changed just to please tourists. But in doing so tourism products often do not take into account the expectations of tourists and the needs of tour operators.

Targeting international markets. Too many businesses expect international markets to become the key source of income. This should be balanced with filling a good percentage of the capacity with domestic and short haul regional markets. This is partly to mitigate a destination's exposure to the vagaries of international tourism trends, but also because advertising in regional markets is almost always more cost effective.

Sustainability as unique selling proposition. Marketing on the basis of sustainability is not going to suffice for most tourist segments and products, even when sustainability could be at the core of the product itself, and could be one of the determining attributes that the tourist looks for. For the vast majority of consumers, sustainability will only be a consideration when other criteria, such as price, choice of accommodation and availability of activities have all been satisfied.

Sustainability as part of quality. In the past, too many sustainable products in tourism and elsewhere, have performed worse in the basic quality attributes. Tourists are willing to purchase sustainable once the basic attributes of product quality are met. The win-win products in the sustainable, organic, fair trade sectors are those that provide added value.

Consumer product knowledge

If a tourist market knows the product well, the type of promotion can emphasise characteristics of the product or place that are meaningful to the tourist, whereas first time tourists will need more information about the product as prior knowledge cannot be assumed. Also repeat tourists are more likely to buy directly from suppliers that first time tourists.

Inexperienced product users. Tourists that buy a certain type of holiday for the first time are more open to education, but it is also less likely that their behaviour will be in-keeping with that of locals. First time tourists on a package such as trekking, diving or homestays have specific awareness raising and education needs before and during their experience, that will mark their behaviour for future trips. The product and the message to these first time users will need to be tailored to emphasise safety and customer care, whilst also communicating the need for cultural sensitivity and respect - insofar as tourism involves interactions that necessarily include an active and a passive experience.

Price sensitive first time visitors. Many tourists experiment with destinations, visiting just once, making it hard for the service providers to communicate product quality, and relying on price alone to secure sales. Uniqueness and authenticity need to be reinforced for these first time visitors who lack the knowledge to demand them for themselves. Information sources that can be trusted such as travel guides and signs of quality for example are good vehicles to reinforce such messages.

Repeat clients encourage sustainability. Repeat clients are more likely to appreciate the unique characteristics of a place, usually related to sustainability. Lack of loyalty to destinations often means service providers do not see a short term benefit from providing the required services of quality, as those tourists leaving will not come again, and others just as gullible will follow.

Risk perception

Tourists often do not want to book directly with service suppliers because they perceive risk. Small firms are perceived as more risky because they do not have strong brands to support them, and for this reason they will need to work in partnership to ensure purchases. Sustainable tourism products will have to work on reducing the perception of risk, by tackling the following:

Risk of the unknown. A large volume of internet sales at present are repeat sales once the client knows the business, and they are mainly for airline tickets, car rental and hotel rooms in global companies with standardised products. This increases when travelling to countries for the first time, particularly when these countries are very different to the country of origin of the tourists.

Risk of fraud. Secure purchasing systems that can give confidence to clients are necessary for small tourism firms to sell directly. At the moment a large percentage of direct sales are with large firms. The perception of potential fraud from giving credit card details to companies outside the tourists' home country is high, also raising concerns about data protection and the possibility of identity theft.

Risk of virtual companies. Tourists are less likely to want to book with small companies because of the perceived threat that these might not be real companies, the client has paid in advance for the service but once they arrive at the destination the company does not exist. Small tourism firms need the backing of stronger brands to provide reassurance to the client that they are sound companies. Retailing through a link at the national tourist board, or having the backing of consumer organisations can provide the kind of quality assurance that will increase bookings.

Risk of no consumer protection. Purchasing directly from tourism suppliers means that clients will not have the same legal protection as when they purchase a product from a tour operator in their own country. This is clearly the case in Europe, where the Travel Packages Act places responsibility for the quality of the product including health and safety on the tour operator. There is little regulation and only very limited consumer protection against false claims made on the internet by direct suppliers.

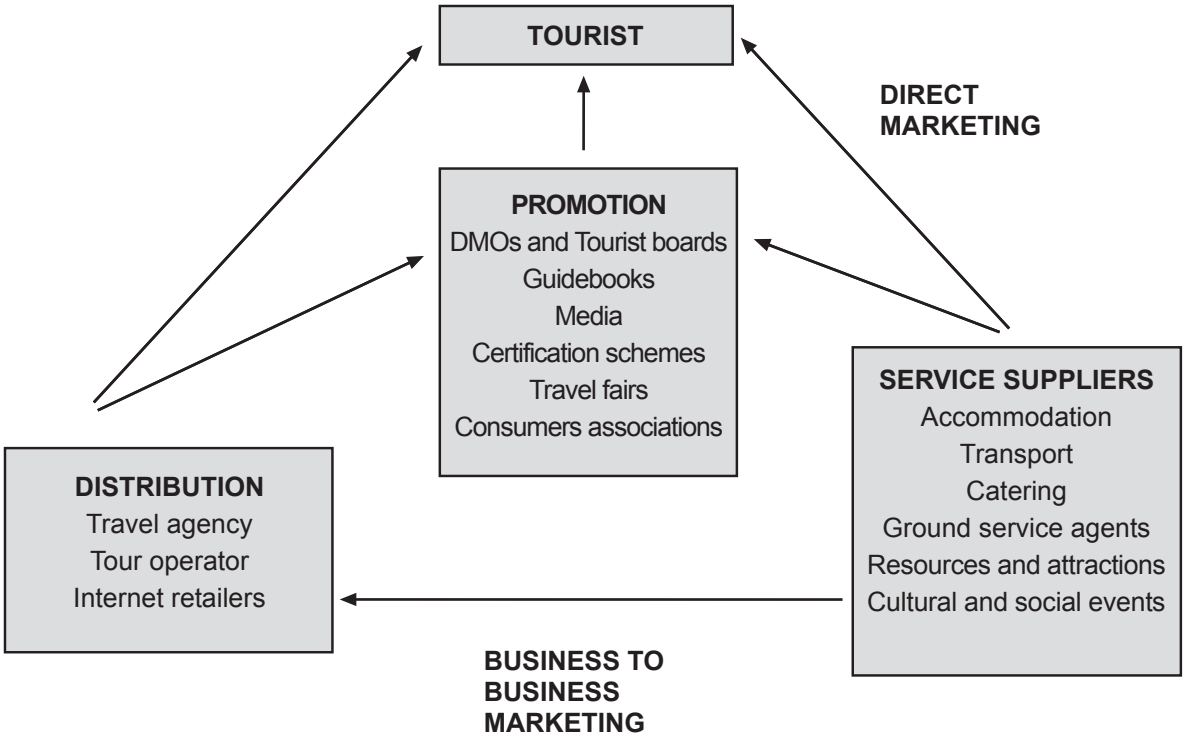
DISTRIBUTION CHANNELS: CURRENT PRACTICE AND PROSPECTS

The tourism marketplace is made up of a large number of tourism service suppliers trying to reach a multiplicity of tourist markets. They do so targeting the tourists directly, developing positive messages about their product through promotion channels, and working with intermediary distribution channels that will sell a range of services tailored to the market's needs. Figure 1 maps out key players in producing, promoting and distributing tourism products, inevitably there are many organisations that do both, and they have been placed according to their core function. There are two commercialisation strategies:

Business to consumer (B2C). Tourism service suppliers can use a range of direct marketing channels such as database and internet marketing to attract tourists. The advantage is having a greater control over the message sent and the type of tourist attracted. The disadvantages are that this is done at a greater financial risk, with potentially high start up costs. Box 2 includes a summary of main channels for direct marketing.

Business to business (B2B). The main focus of this report is for suppliers to trade through intermediaries that take the role of either selling individual services, packaging them or doing the marketing and booking. Tourism suppliers benefit from outsourcing the cost and risk of marketing. The advantages are diversification of markets that reduce risk, a potentially secure level of business, and fixed commissions that facilitate financial planning. The challenges are less control over marketing messages, markets and income streams.

Figure 2. Mapping the marketing promotion and distribution channels.



Most often, tourism suppliers combine the two: direct (B2C) and via distributors (B2B). In the latter case, intermediaries are used to provide a baseline level of business that ensures minimum occupancy rates or load factors, which provides a contribution towards fixed costs of capital repayment and salaries. Direct marketing is used to capture repeat visitors, particular market segments and for specific promotions. The balance between the two types of marketing is determined by how entrepreneurial the company is, the availability of knowledge and funds, and the interest of intermediaries to work with it. Promotion strategies are the consequence of the distribution strategy, with some of the promotion tools listed in

figure 1 being used to generate direct sales, or to increase the interest of distribution channels in working with these suppliers. This section reviews the potential and challenges faced by different promotion and distribution channels to contribute to the marketing of service suppliers that are sustainable.

While eight distribution and communication channels are reviewed here, some of these (particularly tour operators) are much larger than the others, whereas some of them only have an impact on a niche market, or are highlighted here because of their potential for the future.

Box 2. Direct marketing channels

Database marketing. This is more likely for national than for international clients, and few small companies hold databases of past clients. These can work with specialist outbound tour operators to be included in their client reminder newsletters, usually generated as part of database marketing tactics, by providing up to date copy on the product and destination.

Internet marketing. Service providers frequently try to promote individual products without any co-ordination. Too often, suppliers perceive all others as competitors, when in fact key consumer motivators are 'choice' and 'range', which means that products are only enhanced by demonstrating links to other local products and suppliers. Whereas some confident travellers would be happy to seek out extremely remote products, many would prefer to know that they form part of a more substantial product cluster in the chosen destination.

Affiliate marketing. One of the most effective forms of marketing is for suppliers to establish relationships with other organisations, often unrelated to tourism, who can market their products to their own customers. This might be through special interests, such as wildlife, heritage or sports, or through particular groups, such as clubs and associations or faith groups. Sometimes these can be arranged simply by identifying that a satisfied customer is involved in a particular group and that they would be enthusiastic about promoting the product to fellow members.

Joint marketing portals. National and regional tourist boards and incoming tour operators need to pull together different services through joint marketing portals. Selling individual products, however sustainable, will not get tourists to a destination. To be meaningful, these products need to be grouped by their appropriateness to specific market segments and price ranges.

Repeat business and word of mouth. Established companies fulfil a large percentage of their capacity through repeat business, as it generally accepted that it costs five times as much to gain a new customer as to maintain an old one. At its most sophisticated, this can involve a powerful multi-media CRM (customer relationship management) system, but it can simply be the good practice of maintaining a record of all customers' (and enquirers') contact details - albeit subject to relevant data protection legislation, which should not be underestimated.

Destination management organisations (DMOs) and tourist boards

DMOs are agencies or marketing consortia (normally publicly funded, sometimes supplemented by membership subscriptions) that promote a 'destination' to outbound tour operators and both domestic and foreign consumers through a variety of media, and provide information on local products and suppliers. Sometimes, suppliers (e.g. subscribed members) receive preferential treatment.

The challenge for destinations is to identify the environmental constraints and impacts of tourism development, and to then engage local destination suppliers, buyers (foreign and domestic) and all visitors in embracing sustainability as a key element of the tourism proposition. The opportunity is to make excellent environmental management part of consumer motivation, in order to help ensure the sustainable development of tourism.

Some destinations have marketed themselves as being totally sustainable, although in reality this often reflects an emphasis on natural heritage, rather than indicating product sustainability. Tourism New Zealand's campaign "100% Pure New Zealand" is a good example of this approach, where this DMO concentrates on presenting a consistent message to position New Zealand as a sustainable destination. See http://www.newzealand.com/travel/

There are examples of tourist boards giving additional promotion to firms that have met certain standards of sustainability. Places as far apart as Scotland and Costa Rica are promoting companies certified as sustainable, either by highlighting certified suppliers with an additional logo in their promotional material or by creating a separate dedicated brochure for sustainable products.

Oman's Ministry of Tourism, which is responsible for developing and promoting the country's tourism product, has designed a policy that places 'sustainable tourism' at its heart. But, whilst many foreign tour operators are enthusiastic about 'ecotourism', sustainability of the product is not really a consideration - their key requirements are the availability of air-conditioned tourism facilities, 4x4 vehicles and 5 accommodation. Local expertise is generally focused on the physical environment, rather than an appreciation of the cultural and social dimensions of sustainability in tourism.*

The challenge for DMOs is often less about marketing sustainable tourism products, but more about raising awareness of what the sustainable development of tourism means for suppliers, which in turn will help to ensure the more sustainable development of tourism products. Remarking that the term "'responsible tourism' is more meaningful to suppliers", Oman's Dr Aziz stated that the development of "the responsible tourism sector is one of the guaranteed ways of achieving sustainable development for the Sultanate of Oman." Thus the motivation for sustainable tourism products is national self-interest, and the opportunity is to encourage and facilitate more sustainable supplier practices. Oman is working to achieve this outcome through a programme of training and awareness raising, and by offering preferential terms to suppliers that adopt more sustainable practices. The former will be achieved through a national training programme, primarily targeted at tourism SMEs, whilst the latter will involve a schedule of discounts on marketing activities, including attendance at international tourism fairs.

There can be other priorities that DMOs must tackle before they can even begin to focus on sustainability issues, but such circumstances can bring benefits, allowing DMOs to approach product development as a 'blank canvas'. Although it has a tremendous product, Yemen has been the subject of much negative publicity in recent years and has been considered by tour operators and consumers alike to be too outlandish a destination for mainstream tourism. This means that the focus has been to rebuild the country's image as a viable tourism destination. In fact, this challenging marketing environment also enables Yemen to highlight the sustainability of its products, adding real value to the destination. This involves all the usual marketing activities, such as organisation of familiarisation visits for journalists and tour operators, production of promotional media in paper and electronic formats and attendance at major international tourism fairs.

With a particular emphasis on cultural and nature-based tourism, the main themes being promoted are 'ecotourism' and activity tourism, especially diving, deserts, mountains and climbing, which are attractive to tour operators. With 70% of visitors coming from the MENA region (Middle East & North Africa), the Yemen Tourism Promotion Board (YTPB) is focusing on several key foreign markets and plans to develop a new multi-lingual website. This will be in Arabic, English, French, German and Italian and in the future also in Japanese and Russian, in order to communicate directly with the consumer. According to the YTPB's Director, "sustainable tourism is fundamental, because it helps the economy of Yemen through the creation of jobs and investment; tourism is Yemen's future". With many diverse products and micro enterprises, YTPB's challenge is simply to "get Yemen into tour operators' brochures".

Marketing sustainable tourism is not simply a marketing exercise, but requires integration across all social and economic sectors. Thus, echoing the approach of Oman's Ministry of Tourism, Yemen's General Authority for Tourism Development (GATD) is focused on the sustainable development of tourism. Observing that Yemen's tourism product is essentially its "environment and culture", the GATD stated that the challenge is to keep this "intact", because "if changed, then Yemen loses". The aim of sustainable tourism is therefore to "encourage investors, reduce poverty and preserve cultural and natural heritage". However, since there is limited understanding of 'sustainable tourism', the GATD puts a lot of energy into engaging key stakeholders, especially community representatives, to promote the principles of sustainable tourism. It will support those communities that choose tourism as a development strategy, but critically, it will also respect those that

choose to resist tourism. When introducing foreign investors, it will encourage them to promote local employment, and to use local food and building materials, again adding value to the product and helping to satisfy consumer demand for the 'authentic' local product.

Natour Communications has run a series of short online campaigns to change the negative perception of Venezuela as a tourist destination, using a database of over 8,000 e-mail addresses of travel agents, operators, media interested in the natural world and tourism. The campaign consisted of between 8 and 10 issues over three months depending on the specific messages, to promote the country's natural attractions and activities, and generating interest for a familiarisation trip for 24 international media and operators

Familiarisation visits ('fam trips') bring invited press and selected operators to destinations to sample the product. These are especially of value to emerging destinations and to showcase new products in more established destinations. Tourist boards tend to sponsor and support these, and in some instances run them. Typically a fam trip takes 8 to 12 weeks to set up because it requires targeting participants, raising awareness, organising logistics and tailoring the trip to their particular needs. Natour Communications run a fam trip to the Caribbean island of Trinidad coinciding with the 3rd annual Shandy Carib Adventure Festival to showcase adventure, nature and cultural opportunities. See www.natour.us/trinidad.

Tour operators

These are organisations that sell holidays and travel products to consumers, taking a commission or margin on the product (or package of products) sold, which they have purchased from suppliers or are selling (as an agent) on behalf of suppliers. Additional income is gained through the sale of other travel-related products, such as travel insurance and foreign currency. In some cases, they will establish a 'partnership' relationship with their suppliers, working collaboratively with them on destination management, product development and direct marketing activities.

The key tool for tour operators is the 'service agreement', the contract between operator and supplier, whether an airline, accommodation or excursion provider or ground handler. It defines the service standards, including quality as well as health and safety requirements. The results of customer satisfaction questionnaires in areas such as food, facilities, staff and overall quality, often determine bonuses being added or compensation being paid if the supplier varies significantly from the required standard.

Some tour operators are starting to introduce environmental standards, but with only limited consumer demand, few are yet willing to link these to contractual obligations and financial penalties. The general approach is one of encouragement, with operators identifying key suppliers that might need to improve their environmental performance and are consequently offered mainly training and advice, and in fewer instances financial incentives.

A large proportion of the work done by large tour operators to improve the sustainability of their service providers is by promoting the economic advantages of reducing water, waste and energy costs through being more environmentally friendly. There are fewer examples of tour operators engaging their suppliers in improving their socio-economic records, for example by providing better labour relations, support to communities or the use of local produce. For many specialist tour operators, sustainability is part of the product quality sought by tourists. In this case there are few examples for supplier development, but usually because a minimum sustainability requirement was part of the selection criteria.

Most tour operators are not likely to pay a higher price to their suppliers for sustainability. Generally they argue that sustainability is an element of the expected quality, and that it will also bring (in particular in the area of environmental practices in the accommodation sector) major cost savings.

Supplier development initiatives are generally voluntary, with few examples of tour operators making them mandatory. Several large tour operators have reported that between 10 and 25% of suppliers have met the voluntary 'sustainability related' standards (for example Kuoni Switzerland, TUI, MyTravel Northern Europe, First Choice, Hotelplan). Tour operators are most successful in convincing long-term suppliers, and those that are owned or managed by the same parent company.

Few tour operators highlight those suppliers that are more sustainable in their brochures (see TUI Germany as an example). The Reiseanalyse 2002 survey in Germany showed that tourists demand such information, but it is likely that many tour operators will not want to do so until a certain volume of their products have met the necessary standards, and they can send a positive reassuring message to the market.

The large German tour operator LTU Touristik distributed 16,000 environmental management manuals to accommodation suppliers in German, English, French, Italian, Spanish, and Greek. Impacts are rated by time and cost required to make a significant improvement. The manual is the result of long term development involving suppliers and destinations, and LTU Touristik requires feedback from hoteliers on the manual's usefulness and the hotels' performance. Hotels implementing this manual best are those managed by LTU itself and those where LTU brings a high percentage of their business.

Hello Tuscany promotes to young people a positive experience of sustainable tourism: the Summer Camps in Tuscany. Summer camps seem to be a very pleasant experience, since they combine the attraction of natural parks, a real interaction with a beautiful environment, and with local people with their own historical traditions.

Kel 12 is a small Italian tour operator specialising in adventure holidays mainly in Africa, even though their presence is now widespread everywhere from the Sahara to China to South America. It promotes the marketing of sustainable tourism products by working with destination agencies that share the same philosophy, including sustainability as purchasing criteria, running conservation and community projects in the field, and engaging consumers in projects. Examples of projects include protecting part of the Gabon forest, buying the rights on territories instead of the concessions involved in cutting wood, as well as a Sahara project to prevent accumulating big amounts of plastic waste using plastic tanks for water instead of plastic bottles.

The Dutch Tour Operator Association ANVR requires members to appoint and train a responsible tourism coordinator; develop and implement a responsible tourism policy; report annually to ANVR on at least one sustainability measure per each of five areas (accommodation, transport, recreation/ excursions, consumers information and internal sustainability); and not offer travel products that are forbidden according to the developed list of irresponsible travel products. Similar requirements are being introduced in the UK through the Federation of Tour Operators.

Guidebooks

Most guidebooks are produced by independent commercial publishers. Although some guides might be openly commissioned as marketing tools by individual travel companies, guidebook publishers are generally independent of the travel industry. They identify products and destinations, giving objective opinions (both good and bad), and are sold to consumers, including conventional tourists and business travellers. These guides rely on the quality and objectivity of their messages to be trusted by travellers. Additional revenue can be earned from advertising and the production of associated online editions, but the most trusted guidebooks keep their information independent from commercial ties.

Freelance travel writers are commissioned to write individual books. In general, the appointed writers receive a very specific brief by the guidebook editing team, which outlines the guide, the structure to follow, including the characteristics of the companies to be included in the guide. The authors also receive (in particular if their task is an 'update') all the information collected on the country and in particular on hotels and tourism services that they will have to personally review. The briefs are developed taking into account the specific target audience. In general however, travel guides are increasingly including sustainability charters, as well as sections on environmental and socio-economic issues at the destinations.

These writers research hotels, restaurants and attractions following the criteria of the travel guide according to their market positioning and unique selling proposition. Many guidebooks emphasise unique, exciting and interesting products that are aligned to the principles of sustainable tourism, although few will use explicit criteria for the selection of what towns and companies are to be included, and the final decision depends on space and a balance between different destinations and types of product. Sustainability is often referred to as far as it is part of the exciting and unique attributes that the independent tourist is seeking.

The companies publishing traditional guidebooks are evolving to produce customised guidebooks, spin-off guides and unique travel information, licensed use of web engine or travel information, and to selling photographs. Travel information is now not only coming in the typical guidebook form, but also increasingly in electronic form, whether on websites or in phone/PDA formats. All of these provide new niche opportunities for tourism companies and destinations.

Highly professional guidebooks are now also being produced by non-governmental organisations and campaign groups, for which the motivation is development assistance, rather than commercial profit. The focus is increasingly shifting to the consumer, since publishers are discovering that these publications meet a market need, giving objective (and entirely non-commercial) advice on obscure community-led tourism products, offering consumers access to 'authentic experiences' with less of the more negative aspects of tourism. By being produced by not-for-profit organisations, consumers treat contents as a strong seal of quality assurance, which helps increase sales of sustainable tourism products, which in turn promotes best practice in tourism and across the industry.

As in the case of travel media, the ability to be included in a guidebook depends on whether the product can be presented as being exciting, quirky and unique. Sustainability is sometimes the reason why a product is interesting, but the message has to be tailored with the tourist experience as the centre of attention. The guidebooks support sustainable tourism products within the limits of having to honestly report about quality of the services provided, and when a company with a sustainable ideology provides sub-standard services, this has to be highlighted.

Over 100,000 Lonely Planet travellers use the electronic Thorn Tree travellers' bulletin boards on a regular basis, where travellers can exchange information on destinations and experiences, and plan their next adventure. This makes Lonelyplanet.com a vibrant heavily trafficked global travel resource. Lonely Planet also sends a monthly email newsletter to thousands of readers.

*Lonely Planet's Shoestring guides have a large readership amongst young people travelling for the first time. These guides include extensive information on responsible behaviour in their travels, and the choices of places to visit reinforce this philosophy. Lonely Planet has however been questioned for publishing a guide that encourages tourism to Burma (*Myanmar (Burma). *8th ed., 2002.), despite their claims that the guide raises awareness and supports the type of firms that will least support financially the oppressive regime.*

Sustainability is at the core of Lonely Planet, although this has so far happened more intuitively than strategically. The company is now examining how they formalise their commitment to sustainability. Their French branch has produced an Ethical Charter, and Lonely Planet Europe would consider explicit sustainability guidelines for both their authors of guides, and for the suppliers of services to be featured. In their own forecast they estimate that in 10 years, 40 to 50% of the products listed in their guides could have verified sustainability credentials.

Tourism Concern, which "campaigns for ethical and fairly traded tourism" is currently planning the third edition of its The Good Alternative Travel Guide. *Working through its large international network of tourism stakeholders, known as the 'Fair Trade in Tourism Network', it is able to identify a wide range of sustainable tourism products, including community-based tourism initiatives primarily and responsible tour operators. With access to extensive language skills, the organisation is not constrained by having to communicate in English, and is able to research many products in often remote and marginal destinations. Products that pass a preliminary review are sent a questionnaire (in an appropriate language), which is used as the basis of assessment and to determine which products meet sufficient criteria of fair trade and responsibility to be included. There is no fee for inclusion, although there is some income from advertising, and those that are rejected are offered advice and guidance on best practice, since "the objective is to change the industry". Two hundred products were included in the guide's second edition, of which 10,000 copies have been sold, and which is supplemented by promotion at trade fairs and online listings. Tourism Concern's website receives 9,000 unique site visits each month, making this a highly effective medium. Feedback from suppliers has been extremely positive, with over 100 new suppliers contacting Tourism Concern in the past twelve months seeking inclusion in the next edition, reflecting the recommendations and value placed on the medium by existing suppliers.*

*According to Tourism Concern, the guide is particularly valued by suppliers, because the organisation "shares information across its network", promoting best practice and contributing to the development of 'fair trade in tourism'. Whilst for consumers, who are "a bit more socially responsible" and "want to take a different kind of holiday", its value is that it is "not just a marketing tool", but is "*effectively *a certification scheme". Some consumers seek product endorsement, whilst suppliers recognise the benefits of working with an independent organisation with fifteen years of international network experience. Insofar as the guide is a tool for normalising sustainability and promoting best practice, Tourism Concern describes the guide's contents as "tourism that's developed in the context of sustainable development".*

Media

Media includes the travel section of mainstream newspapers and consumer magazines, as well as dedicated travel magazines. Most income comes from advertising revenue, whilst the content primarily consists of stories, reviews and features about particular destinations and products. Newspapers also offer commercial opportunities through affiliate marketing initiatives (endorsing and featuring holiday offers in the newspapers for a commission for the newspaper instead of paying a price for the advert). The travel pages of newspapers are the key promotional channel for specialist tour operators other than word of mouth.

But, just as the point of newspapers is to sell news, the point of travel journalism is to promote travel. Therefore, according to *The Independent*, sustainability is "not an issue", because ultimately "people want to go on holiday, even if they want to travel more *thoughtfully*". The newspaper has certain values, which means that it will tend to encourage community-led tourism and promote small guest houses, cycling and public transport, but it also has a commercial need to gain advertising revenue, which cannot be constrained by considerations of sustainability, on which there is no specific policy. The editorial view is that for consumers, the theme of 'sustainable tourism' is "boring... like travel insurance", but that at the same time 'sustainable tourism products' are generally "more interesting", (said the freelance journalists interviewed for this report).

Travel pages of newspapers have a small team of staff editors that commission the work from freelance editors, who have to pitch ideas that are original, new, interesting and also good ideas for holidays. Freelance writers look for ideas that will sell. Funnelling interesting stories from the tourism provider and the travel media is the gap. Training tourism companies on how the media operates, and how to identify the relevant freelance journalists with the right stories is crucial.

Original, quirky, interesting stories of exciting and unique places to go and things to do have the greatest potential to be featured in the travel pages. The emphasis sought by freelance journalists and travel editors is on why these are good holidays. Giving money to charities, investing in schools, saving turtles all play a part in the feature, but not in the opening paragraphs. In doing so the media contributes to consumer education in a more subliminal way. A feature on the importance of responsible tourism per se would only be a story once, while this way there is a way to keep communicating the underlying principles.

Tourism firms need to plan the message to be communicated, emphasising first why it is exciting and unique. They require thinking from the point of view of the consumer, and not focusing first on conservation, and they first have to make an interesting travel proposition.

Messages need to be newsworthy, so products are easiest to be featured when they are new. For products that have been on the market for some time, companies need to think of ways to reinvent messages in the public relations tradition to ensure their products have maximum exposure. For example, the UK project promoting bicycle routes 'Sustrans' had already received extensive exposure for their work in the 1990s, and yet they are being featured again for introducing public artwork along their routes to attract more families to cycling. Celebrities visiting a sustainable tourism company and supporting the cause is another way of getting repeated exposure.

Several newspapers run travel awards that highlight good practice and have become great marketing methods for the few companies winning. *The Times* dedicated four pages to the winners of their Responsible Tourism Awards (organized by the online travel agent responsibletravel.com, in association with *The Times*, World Travel Market and *Geographical*

Magazine). Many independent tour operators use their winning status to promote themselves, and a number of sustainable tourism products have dramatically increased their bookings and reputation through winning one of these awards.

The Guardian *newspaper in the UK runs a monthly column called The Green Light, featuring responsible holidays, based on market research that identified a gap in the market. "Go diving with octopuses" was the incentive to read about an Earthwatch project in Costa Rica monitoring octopuses and their habitat.*

The tour operator Discovery Initiatives was featured in two mainstream UK television travel programmes, The Holiday Programme and Wish You Were Here. In both cases the productions were well received and stimulated a great deal of interest. The Holiday Programme feature was further repeated in at least one revised format suggesting recognition by the producers of the value of this type of holiday.

Certification schemes

Certification schemes highlight sustainable tourism products. They have a dual function of helping tourism suppliers to raise their sustainability standards, and providing market mechanisms to increase trade gained from having the brand of the ecolabel. There are over 60 initiatives, targeting mostly the accommodation sector, and mainly in Europe. Most of them have started since the mid 1990s, with 20 more in development at present.

These schemes have the dual role of increasing industry performance by providing guidelines on how to be more sustainable, directing applicants towards sources of help and in some cases providing advice directly, and at the same time providing marketing benefits. As the certification programs grow, they are promoting the certified companies to both distribution channels and to consumers.

However, there are too many labels, with few certified products each, to have an impact on the market. Consolidation of current labels for international recognition, and repositioning of the labels as being an extension to traditional product quality (particularly for ecotourism markets) are obvious avenues forward. In only a few instances will sustainability be a unique selling proposition that can be meaningfully branded.

The certified product is not meaningful to the consumer for two reasons: firstly, lack of awareness, and secondly, the perception that it does not have significantly different attributes. Consumers cannot tell from the available information whether a certified product is better than the average product, on the points that matter to the tourist. The small number of certified companies, and the fact that the basic quality attributes are very different (a 5 star hotel and a guest house can have the same environmental label) means that choosing providers based on an ecolabel is not likely. This is partly attributed to the fact that certification programs have no in-house marketing or communications specialists.

VISIT is the acronym for 'Voluntary Initiatives for Sustainability In Tourism', the result of 10 ecolabels uniting forces to raise standards across Europe and to benefit from the economies of scale of joint marketing and lobbying. See http://www.yourvisit.info

The EU funded project Tourlink supports tour operators to standardise their sustainability checklists with those of certification programmes. This will create more transparent and cost-effective distribution systems for certified companies, and reduce technical barriers to trade from multiple but similar standards. See http://www.fto.co.uk/ and http://www.pmztoerisme.nl/

Green Travel Market offers tour operators a tool for receiving reliable, up-to-date information on more sustainable tourism products currently available on the market, screened for quality and sustainability. Amongst others it includes over 1000 certified accommodation providers in Europe. See http://www.greentravelmarket.info

The Sustainable Tourism Certification Network of the Americas aims to make sustainable tourism firms more competitive by providing market advantages through certification. The goal is to involve 175 enterprises in certification by 2007. Technical assistance to suppliers to date includes 21 trainers trained, 507 entrepreneurs trained, and 1686 introduced to best management practices through seminars. This effort is being implemented in four pilot countries by Rainforest Alliance-Costa Rica, Alianza Verde in Guatemala, the Ecuadorian Ecotourism Association (ASEC),and Programme for Belize. See http://www.rainforest-alliance.org/news/2004/tourismnetwork2.html

FTTSA (Fair Trade in Tourism South Africa) has developed a certification scheme. It is relatively new and has so far only certified seven products, which are mainly accommodations, but it also includes a game reserve and a township tour. Ten more products are currently under review. Tour operators have indicated that the scheme needs at least twenty products to gain critical mass, and FTTSA expects to have certified twenty-five by May 2005. It does not certify tour operators, as their product range is "too complex". Products are assessed against criteria in eight areas. These are business information, human resources, procurement, community initiatives, social initiatives, environmental initiatives, business policies and the motivation for applying for FTTSA certification.

Some foreign tour operators are encouraging their suppliers to register, which will provide additional revenue and contribute to critical mass. FTTSA is involved in a lot of B2B marketing activities to promote products to foreign tour operators and to promote the scheme to regional tourist boards - and thereby reach more products. The website is currently only in English, but FTTSA also has plans to include basic information in Dutch, French, German and Swedish. Its view is that sustainable tourism products have a "very niche" market, but that "the niche will grow" and that 'fair trade in tourism' is not just a marketing tool; tourism products increasingly need to become more sustainable - and this includes fair terms of trade, environmental management and social responsibility. See http://www.fairtourismsa.org.za

Consumer and trade fairs

Travel and tourism suppliers ranging from individual products to national tourist boards use fairs to present their goods and services to travel trade buyers and consumers, including prospective tourists and business organisations. Key sectors of the fairs market include leisure tourism, independent travel and MICE (Meetings, Incentives, Conferences & Exhibitions although in North America and Asia Pacific, the 'C' is usually 'Conventions'). The number of specialised fairs addressing the topic of sustainable, eco and responsible tourism is increasing, while traditional national fairs are developing these themes as well by offering specific events or pavilions and forum of discussions. Individual companies are unlikely to attend many fairs, particularly small providers, for cost reasons. Learning about the market is useful, particularly at the early stages of developing a company. The majority of firms will not be able to justify the cost, even when they are selling under the umbrella of the national tourist board's stand.

Business travel, as evidenced by the MICE sector, has traditionally not been considered particularly relevant to sustainable tourism, but this is changing. With the growing importance of 'corporate governance' in business and the associated shareholder exposure to corporate risk, buyers are increasingly seeking out suppliers that have strong sustainability credentials, and are asking to see companies' environmental policies and evidence of 'corporate social responsibility'.

The Centre for the Promotion of Imports for Developing Countries, an agency of the Netherlands' Ministry of Foreign Affairs, sponsors community based tourism and NGO's under certain conditions and provides marketing assistance prior, during and after the Vakantiebeurs' Fair in Utrecht, Netherlands, such as brochure and website design and negotiation skills, as well as organising meetings with relevant tour operators.

Reisepavillon is the alternative travel fair running annually in Hanover, Germany, attracting 250 stands from 50 countries in 2004 (the 13th year of operations, up 10% from 2003). There is a high exhibitor turnover, with 39% of new exhibitors, and 20% of non returns. Networking of experts provides the edge to this fair, with parallel meetings and project briefings by associations and institutions such as Ecotrans, Bund für Umwelt - und Naturschutz, Viabono, WWF, Naturfreunde and GTZ, the German Agency for Environmental Co-Operation. GTZ supports the fair by organising the industry networking and training event, Tourismus Forum International (TFI), and also bringing 20% of the stands by showcasing developing ecotourism projects from developing countries.

Consumer fairs such as Chicago and New York have rebranded from specialist adventure shows to more mainstream to attract a broader public and companies. In doing so they have attracted first time buyers for specific product types such as adventure and eco tourism because the fairs showcase products not usually found in travel agencies, with actual sales made on the show. These fairs are days out, with 22,000 people paying USD 15,00 each to enter the New York Adventure and Travel Expo.

The activity holidays and shortbreak tour operator Inntravel organises a day long travel fairs where suppliers from all over Europe are invited to the UK to meet directly with customers. The fairs are held every three years in different parts of the country, with the most recent in December 2004 in North Yorkshire. About 120 suppliers (including hotel owners, restauranteurs and service providers such as ski-hire companies) presented their products and services to 1000 customers and potential customers. Attendance is by ticket only because of the high demand, although tickets are free. Inntravel staff – including directors, product managers and sales staff are on hand to answer enquiries and take bookings.

IMEX is the leading MICE fair held each year in Frankfurt, with three schemes to showcase best practice and to promote corporate social responsibility in its sector. These are gaining in prestige and each year attract a growing number of applications. The Programmes of Purpose Award for Social Responsibility "recognises meeting organisers who have put together meetings or incentives benefiting the local community – undertaking charitable acts can be inspirational to participants as well as lastingly beneficial to the community concerned". The Environmentally Responsible Meetings Award (in association with IHEI and Oceans Blue Foundation) "recognises environmental awareness amongst meeting organisers, highlighting the opportunities that now exist to stage business tourism events in 'green-minded' venues, whilst also planning an agenda in which sustainability issues have been taken fully into account". The Free Wild Card Places is one of the most innovative awards, enabling emerging destinations with MICE potential to participate and access new markets.

Internet retailers

These are on-line retailers, in some cases complementing conventional operators and agents, but usually they are a global distribution system for mainstream products. This category also includes holiday auction sites and over-branded in-house websites used to sell distressed stock. There are very few sites that are selective and control their product according to strict quality criteria, and sometimes they act as 'matchmakers' between suppliers and operators. Retailers act as sales agents and sell products direct to consumers, and also via travel agents. Income is mainly from commission, and also advertising revenue and registration fees.

The distinction between 'matchmakers' and 'sales agents' is both practical and legal. Whilst both might gain a commission from the transaction, a 'matchmaker' introduces potential clients to suppliers (and sometimes vice versa), whilst an 'agent' sells the tourism services of a supplier directly to customers, although consumers might be under the impression that they are dealing directly with the supplier.

Internet retailers can also be divided into two categories: high volume-low margin and low volume-high margin. The large internet retailers compete on price and supply a commodity market, whilst the many small ones focus on specialist products, particular niche markets or are dedicated to a small number of suppliers, sometimes in a single destination. The smaller retailers therefore gain tremendous expertise, but at the expense of a balanced portfolio, which would reduce their exposure to the risk of an unexpected fall in their chosen field.

The websites of vertically integrated tour operators, such as TUI, Thomas Cook and MyTravel, and those of other large tourism service providers, such as international hotel groups, airlines and car hire firms, are not considered here. This is because such websites are an extension of conventional retailing, rather than representing a specialist distribution channel.

However, unlike holidays booked through tour operators (whether online, by telephone or through a travel agent), consumers will often not have the same protection provided them by the Council Directive on package travel, package holidays and package tours (90/314/EEC of 13 June 1990). Thus, whilst the larger internet retailers have developed fairly comprehensive contractual and regulatory frameworks that offer a measure of protection to consumers, the smaller ones have adopted a more precautionary approach, to protect both their customers and their own businesses. Many have therefore adopted more of a 'matchmaking' role, so that their legal agency (and liability) is limited, but their ability to freely make a much wider range of specific recommendations is enhanced. Consumer confidence in the smaller retailers thus becomes a function of commercial independence and transparency.

One of the fastest growing internet retailers is the UK-based responsibletravel.com, which has grown by 250% each year since its launch in April 2001. It acts as an 'introducer' for suppliers, matching suppliers to customers and also bringing together suppliers and operators. Its 260 suppliers in 140 countries are known as 'partners' or 'members' and between them offer 2,000 individual products; its customers are primarily in English-speaking markets, with 80% in the UK, but this is changing.

Every supplier is carefully screened and each product must fulfil specific criteria that include environmental, social and economic policy. This process typically takes 7-10 days. All partners must have the capacity to respond to email enquiries in English within 48 hours. Each partner pays an annual fee, which ranges from nothing for community-led enterprises to more than £5,000 for the largest tour operator, plus commission per converted enquiry, which is never more than 10%. The company insists that it is "not a middle man, because the supplier knows best". Thus, it generates booking enquiries for its partners, who are then responsible for converting these into sales.

With a strapline inviting visitors to "Find 1000's of holidays to 100's of places not ravaged by mass tourism", the company distinguishes itself from the larger internet retailers, like lastminute.com and Expedia, both of which have huge brand recognition but which lack the capacity to deal so individually with customers. Its objective is to "market responsible tourism as a different and better product than less responsible tourism". Many of responsibletravel.com's "best sellers are wildlife trips, walking holidays ... [and] more adventurous family holidays". Given that such products are nowadays in fact very mainstream, this indicates that the online marketing of sustainable tourism is no longer a niche activity. A leading UK tour operator has reported that it achieves more sales through responsibletravel.com than through any other internet retailer. Consumers of such products however inevitably require a lot of information which only the supplier can furnish.

A customer identifies a product through the company's website (with every page individually subjected to highly sophisticated search engine optimization) or through one of its increasingly numerous newspaper supplements, sends an enquiry (via the website) to the supplier, who responds with full information and booking details. Such a service could not be offered by large retailers, if only because enabling such communication would put their commission at risk, but it is part of the unique proposition of responsibletravel.com. This process is, of course, subject to audit which is possible for a relatively small operation.

Known primarily as a B2C agent, responsibletravel.com is particularly proud of some of its B2B activities: enabling tiny community tourism businesses to engage with leading international tour operators, helping numerous journalists to identify some excellent sustainable tourism products, generating significant PR opportunities and additional business for its members. It has rarely lost a member, because it offers good value for money and has created a community of suppliers and customers that value authenticity and the direct approach. Apart from offering all the usual add-on products, such as flights, travel clothes and insurance, the company also offers 'Tips for responsible travellers'.

Consumer organisations

Consumer organisations promote the rights and interests of their members, through product testing, policy lobbying and conducting information campaigns. Consumer organisations whose mandate is to protect consumer rights are increasingly showing interest in the sustainability of products as part of their overall quality, and as such are reporting quality and sustainability standards to their members. These communicate and distribute a range of information to their members that influences purchasing behaviour, and in many cases they also provide holiday accommodation and booking services. Consumer organisations' recommendations to their members are powerful marketing tools because of high member loyalty and because their assessments are perceived as independent.

In addition to general consumer organisations, there are 'membership' associations such as automobile and caravanning associations. The Alliance Internationale de Tourisme (AIT) and the Fédération Internationale de l'Automobile (FIA) have more than 42 million members in Europe, and 100 million plus members globally. They are champions of the 'mobile consumer', with the focus of their public policy agenda being sustainable mobility, road safety, consumer protection and testing, environment and tourism. Their work has focused on increasing the quality and safety of driving, and within this, driving holidays. These clubs promote cleaner emissions, reducing road congestion and increasing safety.

Figure 3. The target market of automobile and caravanning consumer association magazines.

CLUB	Membership	Magazine	Circulation	Page (€)	Websites
AIT/FIA, BE		**"Mobility"**	3.000		www.aitfiabrussels.com
					www. aitfiaeurotest.com
ADAC, DE	14.887.019	**ADAC Motorwelt**	14.887.019	99.840	http://www.adac.de
RACC, ES	963.531	**RACC Magazine**	850.000	6.000,00	www.racc.es
RACE, ES	364.019	**RACE Magazine**	400.000	7.680,00	www.race.es
AMZS, SI	100.528	**Motorevija**	100.000	2.500,00	www.amzs.si
NAF, NO	426.824	**MOTOR**	420.000	8.000,00	www.naf.no
AA, UK	13.244.935	**AA Magazine**	11.984.819	25.000,00	www.aanewsroom.com
Caravan Club, UK	315.455	**Caravan Club**	315.455	N/A	www.caravanclub.co.uk
TCS, CH	1.476.951	**Touring (DE, IT, FR)**	1.417.554	13.000,00	www.tcs.ch
ACI, IT	1.100.000	**ACI**	1.100.000	N/A	www.aci.it
		HP Trasporti	150.000		
TCB, BE	504.023	**Touring**	520.000	9600/7.200	www.touring.be
OAMTC, AT	1.524.400	**Auto Touing**	1.453.468	20.700	www.oeamtc.at
ANWB,NL	3.864.112	**ANWB Kampioen**	3.752.296	45.000	www.anwb.nl
		Auto&verkeer	3.752.296		
HAK, HR	140.000	**HAK Revija**	140.000	1.300	www.hak.hr
TOTALS	**39.227.252**		**40.920.433**		

Promoting sustainable tourism has to be seen within the remits of both organisations. For automobile clubs this means they are information providers within the mandate of consumer protection. They have enormous media resources and reach with strong brands and reputations. The ADAC association in Germany is considered more credible by young people than the Church and Green Peace, while in the Netherlands three out five households have ANWB membership. The services these consumer organisations provide to their members include hotel guides, camping and caravanning guides, maps, holiday guide books and route planners amongst others based on the clubs' own inspections, evaluations and assessments which take some sustainable practices into account.

Camping and caravanning associations, in particular, have engaged with a range of environmental actions for their own sites, and setting criteria for other sites. In the UK the Caravan Club has an alliance with the Royal Society for the Protection of Birds as 11% of CC members are members of RSBP. AIT & FIA conduct environmental audits for camping and caravan sites, support for the new European tourist accommodation Eco-label, and the monitoring of European Bathing Water Quality.

The Consumers Union (USA) is considering sustainability certification as the criteria for including tourism suppliers in their travel directory. This is within their organisational remit of providing unbiased product testing and consumer information to protect the interests of consumers. Their publications have 6 million subscribers in the United States alone, and are part of the Consumers International global network of 250 organisations in 110 countries.

The Alliance Internationale de Tourisme & Federation Internationale de l'Automobile would consider a policy to increase the coverage of sustainable tourism issues in the magazines of their national member associations within Europe.

The Camping and Caravanning Club (UK) operates over 100 club sites, and is starting to operate franchised sites. With over 400,000 loyal members, the club provides one of the strongest camp site brands. One of their most recent acquisitions in the Lake District has been renovated to the gold standard in the Cumbria for Excellence 2004 awards in the Caravan Holiday Park category, and was quoted by The Guardian *newspaper as possibly the greenest camp site in the UK.*

ANALYSIS

Traditionally governments, inter-governmental organisations and non-governmental organisations have encouraged sustainable tourism by focusing mainly on the supply side of the tourism industry, or on promoting responsible citizenship through consumer education, with the aim of increasing demand. Matching supply and demand is the missing link. Specific policies should then be designed to support the linkage between sustainable consumers and sustainable tourism products by strengthening the opportunities offered by the various distribution tools.

The four issues used to assess each of the eight distribution channels under consideration are designed to indicate the relative value of each tool. It is generally recommended that policies should be based on the ability to promote change of tourism suppliers that is equitable, with potential for market penetration, a positive cost-benefit analysis, and normalisation or mainstreaming potential. Individual promotion and distribution channels have been analysed against these attributes, with results in table 2.

- **Supplier equity**: High/Low - 'High' indicating that this tool/channel is extremely accessible on fair terms to a wide range of suppliers

- **Market penetration potential**: Strong/Weak - 'Strong' indicating that this tool/channel has significant reach (B2B or B2C)

- **Cost benefit analysis** (supplier perspective): Positive/Negative - 'Positive' indicating that the receipts and other business benefits produced by this tool/channel can reasonably be expected to outweigh any costs associated with participation

- **Normalisation potential**: Strong/Weak - 'Strong' indicating that this tool/channel has the potential to be used to promote and encourage a more sustainable development and environmental management of travel and tourism products

Supplier equity

Equity, understood as the ability of companies to have the same opportunities to access knowledge, loans, distribution channels, and to promote their products, is the first attribute used to analyse these tools. Public sector intervention in the marketplace has usually been justified on the basis of promoting equal access. Policy makers should promote equitable tools, and contribute to the equity of the different tools, because otherwise the danger is that only a few privileged companies will be able to market themselves as sustainable, through no fault of the remaining companies.

Destination management companies, tourist boards and guidebooks have the highest level of equity in as far as all companies can have the same access to use these channels. Communicating and distributing through tour operators and internet retailers have varied equity because it depends on the ability to set commercial relations with them, and to accept the commissions they charge. Media, travel fairs and certification schemes have low equity, because they require capital investment usually with little guarantee of return, only few companies can be featured, or there are no schemes available.

Training at an early stage is crucial to support product and destination planning. Marketing training will help to set realistic targets, and to create more level playing fields that will make all instruments more equitable. Policies should support companies and destination management organisations to learn about their markets, particularly about expectations and purchasing patterns, and how this affects the marketing and service delivery. Development plans should be realistic and market the marketable, as part of a plan for sustained and balanced growth.

Figure 4. Analysis of marketing channels for policy implications

Supplier equity	Market penetration potential	Cost-benefit analysis (supplier perspective)	Normalisation potential
Destination management organisations and tourist boards			
High. This depends entirely on DMO or tourist board criteria. Some are beginning to develop criteria that will give preferential terms to suppliers that meet specific sustainability criteria.	Varied. Depends on DMOs' marketing skills and funding, and product attractiveness. Inevitably, also affected by global reputation and consumer trends Whilst products like 'ecotourism' have a specific niche, the market for 'sustainable tourism products' is subordinate to that of the destination.	Varied. Participation contributes to critical mass, which in turn enhances the destination. But, beyond the facilitation of introductions, a product must be *good enough* to attract tour operators and consumers, and also satisfy the agency that it is worthy of promotion.	Strong. But only as long as the agency recognises that the 'sustainable development of tourism' is essential to tourism growth, and takes action to promote this approach. There is little incentive for products to be developed sustainably, whilst DMOs do not require it.
Tour operators			
Varied. Because of economies of scale, small (and often more sustainable) suppliers may not be supported by tour operators. Imaginative marketing and the 'right' product might be sufficient, but often the market is too price-sensitive for smaller suppliers to compete. Whilst mass market operators and many high street agents (operating on very tight margins) will tend to focus on larger suppliers, niche tour operators and specialist travel agents usually prefer more unique and smaller suppliers.	Varied. Whilst some products, such as international hotel groups, might be available through thousands of agents and operators around the world, many smaller products might be only available through one, if any at all. The survival of some products can entirely depend on being featured by a particular operator, whilst for others being featured by a tour operator is entirely incidental.	Positiva (usually). As long as the terms of trade are fair, a supplier featured by a leading tour operator or travel agent will benefit from significant marketing support and could gain considerable business as a result. But, without a long-term commitment, there is no guarantee that the supplier will receive continued support. Therefore, unless a supplier is at the same time investing in other distribution channels, the apparently efficient relationship could turn out to be a false economy.	Weak. Some operators actively encourage their suppliers to implement policies that promote environmental management and CSR, as it is in the interests of good business. But most lack the resources (human and financial) to invest in their partners' sustainable development and often maintain that it would be inappropriate for them to 'interfere' in their suppliers' operations. The promotion of sustainable tourism requires the personal commitment of senior management. A few tour operators and travel agents are producing information on sustainable tourism for their customers, and are also encouraging their suppliers to take similar initiatives.

Supplier equity	Market penetration potential	Cost-benefit analysis (supplier perspective)	Normalisation potential
Guidebooks			
High. As long as there is a guide to the destination, any product could be featured in it. The challenge is for the product to stand out against its competitors. The increasing number of guidebooks published by NGOs is providing a new opportunity for suppliers, whom the NGOs consider their primary focus - rather than the consumers that buy the books.	Strong. The leading guidebooks to any destination can make or break a product. If a guidebook creates a market, then the challenge is simply to deliver a quality service and value for money, and thereby encourage loyalty and promotion by word of mouth.	Positive. As long as the guidebook endorsement is accurate and positive, then the marketing is the cheapest available. But it can take 2-3 years from research to publication, which means that suppliers must at the same time invest in other channels.	Strong. Publishers can be extremely influential. Guidebooks that have recognised the negative impacts of unbridled tourism growth (to which they may have contributed) often adopt a policy to encourage more sustainable tourism. To gain inclusion, suppliers respond by developing their own sustainability policies and credentials. Some publishers (particularly NGOs) are effectively running a certification scheme by applying very strong selection criteria.
Media			
Low. Other than by paying for advertising (including advertorials) or providing 'free holidays' to journalists, it is largely a matter of luck (or good connections) that determines which products are featured. Many travel journalists are allergic to press releases. New travel award schemes provide significant opportunities for small suppliers, but there can always only be one winner!	Varied. Whilst features about emerging destinations can have a significant impact on the market, consumers (particularly in the UK) are becoming increasingly unexcited when they see yet another feature about Chiantishire. It is the story about a 'quirky' product that captures the consumer imagination.	Positive. If a product has gained coverage without advertising or other investment, then the marketing can be an extremely powerful tool, albeit within a relatively well-defined readership; depending on the publication, this could range from a couple of thousand to several million.	Weak. The media can influence consumers. However, whilst many travel articles include the odd reference to sustainability, the primary aim of travel journalism is to promote travel. Most consumer research indicates that the vast majority of tourists go on holiday to 'get away from concerns' and frankly don't care, and journalists don't want to irritate their readers by dwelling on such issues.

Supplier equity	Market penetration potential	Cost-benefit analysis (supplier perspective)	Normalisation potential
Certification schemes			
Low. Few companies have access to the technical and marketing know-how provided by certification. Many companies will not have the knowledge or time to prepare for verification, even if there are medium to long term benefits.	Varied. The message of certified companies is not strong enough to make a significant difference in the marketplace when targeting consumers. More potential for business to business market penetration, where ecolabels can provide added value to tour operators, with examples of some committed firms collaborating with certain ecolabels.	Varied. For most firms in developing countries, there are more immediate short-term business survival priorities. There are very few examples of entrepreneurial certified companies selling directly. The bulk of the market through large international tour operators can use certification as a pre-scan for risk assessment, making it more appealing to investors.	Varied. Investor expectations will over time influence larger suppliers and distribution channels to introduce sustainability criteria, which in turn will promote the use of certification.
Travel fairs (B2B and B2C)			
Low. The cost of attendance is prohibitive for most suppliers, with attendance at some requiring a budget of more than €50K. Space at a small consumer fair might be less than €500, but this is on top of the delegates' travel expenses and the cost of producing marketing material for the event. Some fairs offer discounts to certain categories of supplier, but this is rare.	Weak. The opportunity to win new business, except perhaps in the MICE sector, is limited. Whilst fairs do provide opportunities to test new products, in many cases they are simply a way of renewing relationships by meeting in person.	Negative. 'Making deals' is the key motivation for attending, and many suppliers treat fairs as an efficient way of meeting all their key customers together. But for many exhibitors, the biggest benefit is the chance to see their competitors in action.	Strong. With so many competitors gathered together, they are a captive audience for the promotion of new trends. Buyers (particularly in the MICE sector) increasingly require high environmental standards, and the steady rise in applications for new environmental awards indicates that suppliers understand this.

Supplier equity	Market penetration potential	Cost-benefit analysis (supplier perspective)	Normalisation potential
Internet retailers			
Varied. In order to sell products on most websites, suppliers simply need to pay the commission, which can be as high as 40%. But to be featured on specialist websites, where commission might be just 5%, suppliers need to meet strict criteria.	Strong. Suppliers can achieve high sales through mainstream sites, but generally only through 'deep discounting'. Critical market can be gained through specialist websites, but not in the same volume. he test is whether the site manager has the online marketing skills to ensure consistent market penetration.	Varied. For achieving sales, this channel can be an extremely cost-effective medium, although products can lose their identity on some of the larger sites, which diminishes brand value. Products that gain a listing on some of the smaller, more specialist sites can gain access to a ready market and also reach a whole new group of operators and partners, enabling a high return on investment.	Strong. Mainstream sites have shown little enthusiasm for promoting more sustainable tourism policies amongst their suppliers, and are failing to use the influence that they have. But the specialists are showcasing best practice (and emphasising the benefits of registration) and this is encouraging other suppliers to adopt similar policies. Some retailers are providing feedback to suppliers that fail to meet their criteria, in order to help them improve their business practices.
Consumer organisations			
Low. Whilst any supplier could potentially be the object of scrutiny for a consumer group, in practice they will tend to be those that are identified as being examples of bad practice. Some consumer groups might focus on a small number of *best practice* examples for the purposes of comparison, or as constituents of a certification scheme.	Varied. Some associations 'punch above their weight', exerting influence on consumers and on both the public and private sectors far beyond what might be indicated by the size of their membership and range of stakeholder representation. But often, characterised as marginal, 'single issue' and unrepresentative campaigning organisations, they have little ability to change industry practice, beyond small niche sectors.	Positive. A supplier championed by a leading consumer group as an example of best practice can receive tremendous benefits, including extensive media coverage and interest from the most responsible tour operators and government agencies. Benefits come from the perceived objectivity (independence) of the consumer group. These bodies also offer considerable affinity marketing opportunities.	Weak. Consumer organisations might be able to contribute to 'the agenda', but ultimately change and normalisation of sustainability in travel and tourism will be determined by the industry, insofar as it recognises consumer interest and the associated market implications. Organisations that *appear* to influence policy and to 'have an ear' for industry generally only achieve such status by sacrificing independence.

Market penetration potential

Some distribution channels have the potential to make a considerable contribution towards changing the behaviour of the market they target. For all these markets, the greatest potential is to change behaviour in the adventure, ecotourism, nature tourism markets where sustainability is part of the quality of the product both experienced and expected, as the potential market is already sympathetic to the philosophies of sustainable tourism.

DMOs and tourist boards rarely reach the actual markets, although increasingly internet marketing portals are achieving where print publications failed. These are custodians of the destination brand and as such can create interest in a certain destination. Providing an internet sales portal that allows efficient bookings increases the potential for market penetration. Suppliers can achieve considerable market penetration through tour operators, with many examples in the past of over relying on few operators, that subsequently meant suppliers losing entrepreneurial skills and self-control. Travel guides are important marketing tools because they reach a large number of people within one given target market, and the readership of these travel guides use the information to make purchasing choices. However, individual suppliers need to consider working with travel guides as a mid-term investment, as there is no guarantee that they will be featured, and there is a considerable lead time between preparing information and the publication date. The media can generate short-term interest in specific destinations and provide a boost to companies starting with creative, unique concepts. But media has a short self life and cannot be relied on.

Certification has limited potential for market penetration at present because the marketing know-how as well as resources of certification programs are insufficient to reach consumers. The focus should therefore be on business to business marketing and lobbying tour operators that certified products can guarantee sustainability. While progress is being made in this respect, it is too early to say what the potential actually is. Travel fairs have very limited potential for market penetration, particularly business to consumer. They are better tools to reaffirm current working relationships with distribution channels, and to learn about market trends. Internet retailers also have a high potential for market penetration, although this depends on the type of product and market targeted, and there is often a high commission to pay for internet retailers. “Dynamic packaging” that allows consumers to pick and choose different components of a holiday from the same travel site to form a personalized package. Finally, direct marketing has good potential for niche marketing, and to encourage repeat purchases.

Companies should think about promoting to the domestic market, and the extension of current products, before trying to attract new “hard-to-reach” international tourists. Donor-funded projects in particular should be realistic about the ability to generate markets from small interventions. Many funded projects cannot be self-financed in the long run through poor understanding of market needs, simply incorporating tourism as a form of income generation for conservation projects without developing the necessary skills, or market-led product planning which sets unachievable expectations.

Cost-benefit analysis

Cost-effectiveness is the third key issue reviewed here to consider the suitability of different tools. These are considered both from the point of view of government intervention as well as the investment for tourism companies.

DMOs and tourist boards are cost-effective ways for small firms to market themselves, membership costs are usually low for the service received as these organisations receive central funding to contribute to their fixed costs. Most governments undertake economic impact assessments that suggest that public sector investment in marketing functions generates a return on investment into the economy through tourism revenues in the region of 8 to 1. Policy makers are also increasingly being asked to contribute to the running of certification programs, as an extension of their duties in quality assurance. The challenge here is that all these programs require substantial subsidies, and despite individual examples of good practice, the impact on the market is not sufficient to justify the investment. These certification programs need to move towards being self-financing. In the same way, many travel fairs require subsidies and growth is hindered by the potential benefits they can deliver, and by how many fairs one company can attend.

Distribution tools that do not require public financial support include tour operators, guidebooks, and internet retailers. Marketing to tour operators is also a cost-effective method to reach markets. There are directories of outbound operators for most key markets, and the national tourist boards of the destination country should provide the necessary market intelligence to support targeted campaigns. In the same way, marketing to internet retailers is cost-effective if the company can survive with the commissions charged, and if reasonable yield management arrangements are made. Guidebooks are a cost-effective method for unique products with a high chance of being included. However, as there is no control of how the product is featured, the supplier might not agree with how they are portrayed. Getting a good review in the media can make a significant difference to the launch of a product. But spending too long on a media campaign could be cost ineffective if the product does not have uniqueness. Finally, direct marketing can be cost-effective for specific markets and to capitalise on consumer loyalty.

Figure 5. Most cost efficient to least cost efficient, and potential market reach

1. Develop webpage	$800 to $8,000	potentially millions
2. Online campaign	$5000 to $12,000	10,000 media & professionals
3. FAM/Press Trip	$15,000 to $30,000	thousands of travellers
4. Trade Shows	$5,000	potentially thousands

Source: Natour Communications.

Normalisation potential

The last key attribute considered in analysing the suitability of different instruments is their ability to effectively be a tool to move sustainable tourism products from niche to mainstream.

DMOs and tourist boards have a great opportunity to mainstream sustainable tourism, as long as they can manage the process of giving preferential treatment to companies meeting the standards, and to encourage others to work towards them.

Normalisation or mainstreaming potential depends on the ability of these distribution channels to reach niche markets that appreciate sustainable tourism products. In this sense the number of tour operators, internet retailers, guidebooks, travel fairs, travel sections in the media and certification programs either fully or partly dedicated to sustainable tourism is growing fast. However, their volume of operations is still comparatively low.

Sustainable tourism, ecotourism, fair trade tourism claims are not regulated, and a good part of the mainstreaming potential comes down to the ability to bring in criteria that are measurable and verifiable, without increasing the cost of the product beyond the customers' willingness to pay. There are examples of individual distribution channels implementing these criteria in their chains of supply, mainly voluntarily, and focusing more often on the environment than social issues.

CONCLUSIONS: POLICY RECOMMENDATIONS

Distribution channels in the tourism industry are the key element in any market-led policy to mainstream sustainable tourism practices. There are examples of good practice from each of the distribution channels to contribute to promoting sustainable suppliers. There is also evidence that distribution channels can do more within their commercial remit to market sustainable tourism products.

Focusing only on the business case for sustainability is unlikely to achieve considerable shifts in industry performance, and a certain amount of enforcement coupled with a better understanding of the moral and corporate social responsibilities for such change is necessary. Three scenarios for strategies are presented to illustrate how different approaches will lead to different policy recommendations. It seems likely that a combination of all three by different agents will help to move the sustainability agenda forward. Possible levers for change have been identified for each of the three scenarios outlined here.

1. The concept needs to be made fashionable: it needs to become a lifestyle value. Industry leaders will take the lead, with the support of the media, opinion leaders, travel guides, and forward thinking distribution channels. A segment of the market will always be at the cutting edge. **Policy makers can contribute by showcasing best practice, transfer of best practice and encouraging entrepreneurial behaviour of industry leaders.**
2. Information needs to be more widely available and presented in a less dogmatic and more impartial way so consumers can make up their own minds. The concept needs to be demystified first. Consumer organisations, retail outlets and promotion channels will take the lead. All stakeholders must be engaged; none can be excluded. **Policy makers can contribute by creating transparent communication mechanisms that allow the market to identify sustainable practices.**
3. Business to business marketing is the strategy to normalise, not business to consumer. In some instances consumers will not need to know that products selected are of higher sustainability. Large tour operators will take the lead by implementing corporate social responsibility as good business practice, and also to protect their companies from NGO pressure, shareholder concern and government legislation. **Policy makers can contribute by engaging tour operators in discussions for industry self-regulation, and incentives for supplier development as part of supply chain management.**

To this effect, three recommendations are highlighted for the benefit of government, donor, industry association and inter-governmental organisation policies to promote tourism distribution channels to give preference to sustainable tourism products.

Mainstream win-win solutions. Develop policies expecting tourism distribution channels to give preference to suppliers that can prove their sustainability, when these sustainability practices can lead to eco-savings, and when sustainability is part of quality. The reason for promoting these aspects first is to take into account the business realities of both suppliers and distribution channels. The challenge of such policies is for governments to ensure that all tourism firms have a reasonable opportunity to reach these requirements, and as such, these policies need to be supported with training on marketing, quality, operations management, finance as well as sustainability to support small and medium-sized enterprises. The criteria available to test eco-savings and sustainability-based quality are widely available and there are sufficient experiences in implementing these both from the supplier and the distribution channel to support the feasibility of this recommendation.

Support other aspects of sustainability. Support suppliers in improving sustainability aspects such as going beyond legislation on labour standards and other elements of sustainability not visible to the client, but nevertheless crucial to the long-term wellbeing of tourist destinations. There are fewer examples of good practice in this respect, and policies need to take into account the feasibility of small firms introducing standards that might require investment as well as specialist knowledge, therefore the introduction needs to be stepped and support measures to correct market imperfections will be needed. Policies should focus on demonstration projects and feasibility studies for specific national or regional needs. These policies need to be coupled with further testing market mechanisms to encourage distribution channels to give preference to these products.

Expect consumer education. Policy makers should reinforce the need for consumer education to increase demand for sustainability. Both distribution and promotion channels have responsibility for creating messages that support good practice and explain to the consumer the benefits of making sustainability choices. In practice, sustainability is often not a unique selling point, and communicating it as part of the sales transaction is not commercially beneficial. However, distribution channels should explore the full range of communication opportunities, often in partnership with tourist boards, press, and suppliers themselves, and use the added quality from sustainability to generate consumer satisfaction and loyalty. Consumer organisations and communication channels have the responsibility to generate interest, to educate consumers on expecting sustainability by default, to find distribution channels, and where relevant, individual suppliers that can provide sustainable services and sell direct to the consumer.

The policy mix to be used to achieve these goals will depend on the resources of the agency, the possibilities for collaboration, and the circumstances of the country or destination for application. Table 3 summarises the analysis and the key recommendations for tourism firms to use these distribution channels, to set the context for recommendations for industry (tourism companies trying to use those channels to promote themselves) as well as for policies for the distribution channels themselves (with support from governments and the industry associations).

Figure 6. Summary of analysis and recommendations on promotion and distribution tools to support marketing of sustainable tourism products.

	Supplier equity	Market penetration potential	Cost-benefit analysis	Normalisation potential	Industry recommendation	Policy recommendation
DMOs & tourist boards	High	Varied	Varied	Strong	Destination brand Sales portal	Strengthen. Provide training
Tour operators	Varied	Varied	Positive	Weak	Volume at lower price	Industry driven standards
Guidebooks	High	Strong	Positive	Strong	Mid term investment	Criteria for inclusion
Media	Low	Varied	Positive	Weak	Education consumer	Public relations clearinghouse
Certification schemes	Low	Varied	Varied	Varied	B2B lobbying	Experiment
Travel fairs	Low	Weak	Negative	Strong	Education supplier	Evaluate effectiveness
Internet retailers	Varied	Strong	Varied	Strong	Risk mgmt or commission	Regulate
Consumer organisations	Low	Varied	Positive	Weak	Mid term investment	Sustainability criteria

Interventions should focus on supporting favourable market conditions to develop sustainable products, identify them, and encourage access to the marketplace. Voluntary initiatives include training, facilitating communication, guidelines, creation of virtual market places, and certification as part of highlighting best practice. Providing economic incentives includes taxes, subsidies and grants, tradable rights and permits, and product and service charges can all support normalisation. In certain circumstances, regulation in the form of legislation and industry association membership bylaws will be necessary. The range of tools to be implemented will depend on the severity of the impacts faced and the local conditions. There are specific priorities for each distribution and communication channel. These will not be appropriate in every country, and often two or more actions will be needed to make a difference.

DMOs & Tourist Boards

Promote best practice by offering additional resources and marketing support to the most sustainable suppliers, and enabling the less sustainable to improve.

Encourage entrepreneurship and dynamism in marketing. Facilitate access to information and technical know-how. Enable partnerships and work in collaboration with other local stakeholders.

Preferential treatment to sustainable companies. Prepare a package of additional benefits that the DMOs and tourist boards will provide to companies that can prove their sustainability, including a range of marketing advantages. Provide training and other support measures to increase equity in being able to guarantee sustainable performance.

Tour Operators

Support the progressive introduction of industry-wide standards for sustainability through supply chain management.

Set minimum standards. Measure the impacts of suppliers cause and engage suppliers in setting achievable standards of sustainability. If possible work with tour operator associations to set industry-wide standards.

Engage suppliers to improve. Suppliers should be supported to improve performance to meet the desired standards. Training is the most common method.

Reward good performance. Provide benefits to suppliers that meet the standards set, in line with the incentives laid out at the outset of the process. More secure income streams, with foreseeable contracting conditions and fair prices are key.

Guidebooks

Support making public criteria for inclusion in these guidebooks that include sustainability requirements. Communicate these to DMOs and tourist boards to cascade down to individual firms.

Sustainability criteria to selection. Travel guides receive large amounts of requests from companies to be featured. There is sufficient interest to introduce sustainability criteria that reinforce the philosophy of the company and act as a filter, as well as incentive for companies. Providing such criteria in the travel guide's website would help companies to see there is a commercial benefit to consider sustainability issues.

Beyond the feel good factors. Most travel guides include interesting tourism projects and companies in destinations based on the authentic tourist experience they can deliver. This in itself is already contributing to marketing sustainable tourism products. There is room to further select these suppliers based on sustainability criteria that the tourist will not see (for example water and energy efficiency, or use of biodegradable cleaning products to name some), but the guide author knows it would make a difference to the destination long term, such as how the supplier manages its operations, particularly water, waste and energy, as well as local job creation.

Media

Facilitate a public relations clearinghouse of newsworthy stories for the press. Provide training on media requirements for tourism firms.

Promote best practice. By featuring case studies of good environmental management and sustainability, internet retailers are able to 'quietly' educate consumers about some of the issues, whilst marketing sustainable tourism products, and at the same time can spread best practice, by sharing information across a wide network of dispersed suppliers.

Certification schemes

Experiment with standard setting and implementation considering carefully requirements for sustainability standards from distribution channels. Monitor equity consequences for small firms, and overall cost-benefit. Constantly review and raise criteria, as technology and management improves.

Prioritise business to business marketing. The unique selling proposition of certification is the guarantee that products are sustainable, based on transparent criteria and an independent verification. Distribution channels should give preference to certified products in their supply chains when these meet all the pre-requisites of quality, price, location, availability and others that might be pertinent to each distribution channel. There are several current projects comparing tour operator requirements and certification standards in line, and considering supplier development needs.

Postpone business to consumer marketing. Certification has not been so far an effective marketing tool to promote to consumers. The current labels are not sufficiently strong to be meaningful, channels used to promote them are not cost effective and do not reach the consumer in the tourist generating countries. Funds spent on business to consumer marketing of ecolabels will have a low return on investment for the foreseeable future. Considerable funds will be needed on consumer education as well as the development of stronger brands.

Travel fairs

Evaluate their effectiveness and rethink the purpose of participating. Provide a full marketing crash course around participating at fairs and offer it at competitive prices as part of industry training on a rotation basis. Encourage best practice through award schemes and preferential terms.

Industry meeting and training. Promote access to trade fairs for developing tourism firms as part of a training package on product development and marketing run by tourist boards or donor agencies. Increase awareness of the benefits and costs of participation to trade fairs to not set unrealistic expectations.

Internet retailers

Regulate and provide quality assurance schemes. Showcase best practice and feature case studies that illustrate the value of sustainability.

Facilitate introductions. Internet retailers have the opportunity to bring together suppliers and customers and also suppliers and tour operators, enabling market access for many small products in often remote and marginal destinations.

Promote best practice. By featuring case studies of good environmental management and sustainability, internet retailers are able to 'quietly' educate consumers about some of the issues, whilst marketing sustainable tourism products, and at the same time can spread best practice, by sharing information across a wide network of dispersed suppliers.

Consumer organisations

Lobby to introduce sustainability criteria as part of quality assessments. Showcase sustainable firms in association magazines.

More sustainability criteria. Publications on quality of tourism facilities, such as Automobile Association hotel quality gradings, should include sustainability criteria. This should take place in a stepped and progressive way, in line with society's increasing expectations of quality.

Promote best practice. Like other communication channels, consumer organisations have a role in promoting best practice and educating consumers as to why this is better for both tourists and the destination visited. More information about sustainable holidays and destinations can be included in travel sections in consumer organisation magazines, for example a regular column on green destinations and where appropriate, on green transport to holiday destinations.

About the UNEP Division of Technology, Industry and Economics

UNEP Division of Technology, Industry and Economics (UNEP DTIE) helps decision-makers in government, local authorities, business and industry develop and implement policies that:

- promote sustainable consumption and production;
- encourage efficient use of energy;
- ensure adequate management of chemicals;
- incorporate environmental costs.

UNEP DTIE activities focus on raising awareness, improving the transfer of information, building capacity, fostering technological cooperation, partnerships and transfer, improving understanding of environmental considerations into economic policies, and catalyzing global chemical safety.

The UNEP Division of Technology, Industry and Economics (UNEP DTIE), with the Office of the Division in Paris, is composed of one Centre and five Branches:

- **The International Environmental Technology Centre (Osaka and Shiga)**, implements integrated waste, water and disaster management programmes, focusing in particular on Asia.
- **Production and Consumption (Paris)**, which promotes sustainable consumption and production patterns to contribute to human development through the market.
- **Chemicals (Geneva)**, which promotes sustainable development by catalyzing global actions and building national capacities for the sound management of chemicals and the improvement of chemical safety worldwide.
- **Energy (Paris)**, which promotes energy and transport policies for sustainable development and encourages investment in renewable energy and energy efficiency.
- **OzonAction (Paris**), which supports the phase-out of ozone depleting substances in developing countries and countries with economies in transition to ensure implementation of the Montreal Protocol.
- **Economics and Trade (Geneva)**, which enhances the capacities of countries to integrate environmental considerations into economic and trade policies, and promotes the greening of the finance sector.

United Nations Environment Programme
Division of Technology, Industry and Economics
Production and Consumption Branch
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About the Region of Tuscany

Tuscany, characterised by a productive network of primarily small enterprises which are deeply rooted to each local territort, is a one of Italy's most dynamic regions. Tuscany is also the homeland of an immense cultural, historical and natural patrimony which constitutes a wealth of tourist resources which have made it one of the world's most well-known tourist destinations.

Considering that Tuscany welcomes 37 million tourists a year (number of overnight stays) and the risks in terms of environmental impact that these numbers can generate, the government of the Region of Tuscany has placed sustainability at the core of its policies for the tourism section as well as for all other sectors of Tuscany's economy. The Regional Government is one of the main actors in encouraging the development of sustainable and cooperative tourism by searching for new solutions, by creating networks of tourism operators, by using European structural funds to improve the quality of tourism facilities, by utilizing its own funds for providing incentives for obtaining environmental certifications, for upgrading the quality and sustainability of tourist services, for promotion and marketing.

Since 2001 the Region of Tuscany has organised the *Euromeeting: European Regions, Tourism and Sustainable Development* conference, in collaboration with the Committee of the Regions of the European Union and with the endorsement of the Enterprise Directorate-General of the European Commission, as an opportunity for meeting and discussing subjects related to sustainable tourism. Over the years, many international institutions including the World Tourism Organisation, the Assembly of European Regions, the National Geographic Society, the United Nations Environment Programme, European regional and local authorities, industry associations, trade unions and tourism enterprises have participated in *Euromeeting*. We now possess a network of influential contacts and a patrimony of ideas and good practices that we would like to consolidate through a permanent network dedicated to carrying on the debate concerning sustainable tourism, the environment and its resources, and especially on the following subjects:

- theoretical/scientific analyses and surveys aimed at local territorial systems
- sector and integrated planning tools
- projects or integrated programmes that have produced concrete structural interventions and relevant managing experiences
- territorial and destination marketing actions
- professional training actions
- european interregional cooperation
- cooperation with developing countries.

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Management Information

Decisions need to be based on information. All staff can in theory be involved in the production and analysis of Management Information (MI), but this may not always be appropriate or efficient. Everyone in an organisation is however likely to be involved in actions that are identified as either necessary or desirable as a result of a review of MI.

To facilitate analysis, MI is often presented on a regular basis – weekly or monthly – in the form of a standardised report that comprises Key Performance Indicators (KPIs).

KPIs are simply indicators and do not themselves provide solutions. They do however indicate areas that require further investigation in order to determine remedial actions that need to be taken and identify additional opportunities for the business.

Examples of KPIs include

Rate of Sale (ROS)

For a defined period (eg 'October 2009'), have more or less bookings been taken in total and in the last four weeks, compared to the corresponding period this time last month and last year? What, if any, are the variances? What is the reason? What should be done?

Sales

For a defined period (eg 'October 2009'), how many sales have been achieved to date and how does this compare to the total number of sales eventually achieved for the corresponding period last year? What, if any, is the variance? What is the reason? What should be done?

Price

For a defined period (eg 'October 2009'), what price per pax is being achieved, compared to the corresponding period this time last month and last year? What, if any, are the variances? What is the reason? What should be done?

Duration

For a defined period (eg 'October 2009'), what is the average duration (bednights) being achieved, compared to the corresponding period this time last month and last year? What, if any, are the variances? What is the reason? What should be done?

Conversion Rate

For enquiries received in the past month, how many have so far been converted into a booking? How does this compare to last month and the same period last year? What, if any, are the variances? What is the reason? What should be done?

Distribution Mix

For a defined period (eg '2010'), what proportion of confirmed bookings have so far come from overseas partners, direct and through other channels? How does this compare to the mix for a comparable period (eg '2009')? What, if any, are the variances? What is the reason? What should be done?

Market profile

In the past month, what proportion of enquiries and booking confirmations are coming from which markets? How does this compare to the previous month and in the corresponding month last year? What, if any, are the variances? What is the reason? What should be done?

Customer satisfaction
In the past month, what has been the customer satisfaction profile and average score? How does this compare to the previous month and in the corresponding month last year? What, if any, are the variances? What is the reason? What should be done?

FX
USD conversion rates and movements for key market currencies, eg EUR, GBP and JPY.

'Current events'
Narrative summary of any major world events that might have an impact on demand.

Netiquette

http://sustainability.open.ac.uk/gary/netique.htm

Extract from a Communications Guide, prepared by Gary Alexander for use on various Open University courses. (Revised September 2000)

Note that although the FirstClass conference system is mentioned, the principles apply equally to any on-line discussion group. Comments about conferences apply equally to discussions on mailing lists.

Netiquette or the social conventions of computer conferencing

You may have experienced face-to-face meetings where people talk across each other, battle over positions, and leave without a clear idea of what has been decided. Similar problems occur on-line, if people are unaware of how to avoid them.

The principles of effective on-line discussions are basically a translation of those developed for face-to-face discussions. To a certain extent they are just common sense. But, because you cannot see body language and hear emotion, more care and attention is needed on-line than in face-to-face discussion.

The Open University's FirstClass computer conference service has been designed to be a support system for students and staff. It is a place where you can deepen your understanding of your courses through discussion, through learning of others' experiences and points of view, and through participation in various special events. It is a place where you can get and give help to other students, and also socialise and enjoy yourself. This is a new communication medium which will function most effectively as people learn how best to use it.

In some courses you will be expected to participate in collaborative groupwork on-line. To do this effectively is a skill which needs to be learned and practiced. (And effective on-line groupwork is becoming an important skill well beyond education.)

Going for consensus

The main principle is the intention to come to a shared understanding or consensus. This means trying to understand other peoples' views, see things from their point of view, and then find some conclusion which satisfies everyone, rather than simply expressing yourself, or worse, trying to impose your views on others.

Genuine consensus is also different from suppressing your own views in favour of a majority view. That way you lose one of the main benefits of a group, which is having multiple perspectives on the same issue. If a group seems near to agreement, those who disagree weakly might give way, but those who disagree strongly should stick to their guns and wait for some result which takes their views into account as well. The end result should not leave some people resentful and dissatisfied.

Practical Communication Principles (PCPs)

I have based the following suggestions on my own experiences, and on a set of documents on the Internet found by searching on the word netiquette. From some research experiences (see Zimmer and Alexander) at the Open University I have

extracted some of the key principles into what we may call Practical Communication Principles (PCPs).

These are not meant to encourage groups to be overly polite and agree with everything each other says. Rather, they are meant to allow groups to really engage with issues, to disagree and learn by resolving their disagreements without upsets and hurt feelings.

PCP 1: Thank, acknowledge and support people freely

"I liked your comment in... " "I agree with so and sos idea that... " "Thanks Sarah for that contribution. I got a lot out of it." "Welcome to the conference, Bill."

In a computer conference you cannot see the other people nod their heads, smile, or otherwise indicate that they have heard what you said. If you don't receive an acknowledgement of a message, you may feel ignored, even when others have appreciated your contribution. This principle is particularly important when a group is set up as a support group, as it maintains the relationship necessary for people to feel supported. People know that they have been appreciated and are encouraged to contribute further.

But... before acknowledging, check that there aren't already several similar messages! You don't want your conference clogged with messages saying 'Thanks!'.

PCP 2: Acknowledge before differing

"What I think you mean in essence is... Have I got that right? My own view differs as follows..."

If you disagree with someone, start by briefly re-stating what the other person has said in your own words. The person then knows that you are trying to understand them, and is thus in a better position to take your view seriously. Otherwise, you risk a sequence of statements flying across each other with little mutual understanding or possibility of coming to agreement (even if it is agreement to differ).

PCP 3: Speak from your own perspective (or at least some specified perspective)

"Here's how I see it/how I feel about it/what I want to do."

A commonly used abbreviation is IMHO, which means In My Humble Opinion, introduced for this purpose. Similarly, you can present other peoples views, with a direct quote and acknowledgement if possible. "As so and so said in XX..." "Official government views as given in... are..."

The most serious problems I have seen occur when people speak in the impersonal, "This is the way it is..." "It is a fact that..." If no perspective is given, a statement may seem dogmatic or moralistic. If something is put as an absolute, there is no room for anyone else's perspective.

You may find that for casual remarks, writing in the first person can seem awkward. Thus this Practical Communication Principle (as with the others) should not be applied too rigidly. It is most important when you are saying something which might appear controversial or contentious.

Other netiquette principles

In addition to the PCPs, there are a number of principles of good practice that have grown up in the computer conferencing community. Here are some which are particularly useful:

Avoid 'flaming spirals'

Sometimes someone will take offense at someone else's message, where no offense was intended, and reply angrily. The first person may then respond angrily again and so on, leading to an ever-increasing spiral of abuse. Without the usual cues of body language and facial expression, this can happen more easily in computer conferences than in face-to-face conversation. At times, this can seriously disrupt a conference.

The best solutions are for the people involved to affirm that they had not intended to offend and to show that they understand the other's point of view. (As in PCP 2.)

In extreme cases, people who persist in offensive or disruptive behaviour may lose access to some or all FirstClass conferences.

On emotions in messages

Emotions can easily be misunderstood when you can't see faces or body language. People may not realise you are joking, being satirical or sarcastic. There are conventions for saying 'this is a joke' or expressing your feelings which you may wish to use. They are called 'smileys' or 'emoticons'.
For example (look at them sideways): I'm joking! 8-) or :-) Isn't it sad! 8-(or :-(Wink! ;-)

IF YOU WRITE IN CAPITAL LETTERS IT WILL COME OVER AS SHOUTING! Before sending an angry message, stop and take a break, then consider whether a milder tone wouldn't be better.

Caution when quoting other messages while replying to them

On the Internet there is a convention of quoting a few lines of someones message while replying to it. You will often see this indicated by the > symbol at the beginning of each quoted line. This is often done automatically by email programs. On FirstClass you will see this too, and there is a growing convention of using italics to indicate quotations.

But, this can easily be overdone. Too often you see discussions in which there are more quotes than new material. The second person quotes all of the first person's message. The third person quotes the whole of the first two, and so on. Quoting is best when used sparingly.

Where to write what

Messages can be addressed to one or more individuals or to a conference (or to a combination of individuals and conferences).

Before you send a message, check that it is addressed to the most appropriate place. If your reply to a conference message is meant for one person only (and is not of wider interest) send it as e-mail to that person only, rather than as a conference reply where everyone will see it. Within a conference it can be very annoying to have to wade

through lots of little bits of private chat which hide the business of the conference.

When you are first learning to use FirstClass, put your test messages in the right place. It is very annoying to see messages like "Hi, I'm learning to use this system! This is my first message." in the middle of a working conference. There is a special conference called the Practice Conference which is meant for that purpose.

Keep to the subject of the conference. A modest amount of chat keeps the conference alive and friendly, but an active conference full of irrelevant material will put people off reading it.

Avoid multiple answers to a message. Before sending a helpful reply to someones question, check to be sure that someone else hasn't already said the same thing.

General style

Keep messages short. Write concisely and try to avoid messages longer than one or two screensfull. That helps people follow the flow of the discussion. If you have something longer to say, put it in a file which you create with your word processor and then attach it to a short message describing it.

All messages have a subject line, indicating the contents of the message. People see this before they see the contents of your message and may use it to decide whether or not to read your message. Take the subject line seriously and make sure it is clear.

Please, no advertising. This is an academic network, not the place to conduct your business.

Legal issues

If you copy something published in a book or magazine and put it on-line you are probably violating someones copyright. When the OU puts published material on-line it first gets copyright clearance and usually pays a fee. (However very short quotations are allowed.) Software should not be posted on FirstClass unless it is clearly designated for free distribution.

If you are copying something written by someone else, put it in quotation marks and give them credit. E-mail is generally considered private and should not be quoted without permission.

A conference is a public place, so be careful what you say to people. Although people are usually very tolerant (and I suggest that you are too), there are rare cases when someone sues for libel when they have been offended. Be especially careful about remarks which might offend minority groups or which might be considered obscene. Such comments have no place on an Electronic Campus, where the ethos is support and collaboration.

Reference

Bob Zimmer and Gary Alexander,
"The Rogerian Interface: For open, warm empathy in computer mediated collaborative learning", Innovations in Education and Training International , 33, 1 (1996), pp. 13-21, Kogan Page.

Metatext

http://www.masterjules.net/meta1.htm

How to use META Tags

If your site doesn't contain META tags, you aren't ready to submit it to search engines! Most search engines use META tags as one component of their ranking formulas. The tags can increase your search engine rank and display important site information on the search results page.

Although only a few META tags directly relate to site promotion, you can use the others to provide
valuable information about your Web page content.

META Tags Describe Your Content

The term META is from metadata, which means data about other data. Search engines use META tags to help determine the content and value of your Web page content.

A META tag is an optional line of HTML code in the HEAD section of your document. The tag's
actual content provides descriptive information about your site, but isn't displayed by the browser.
HTML specifications don't define the function of META tags, only their format. Consequently,
there are a number of different META tags that describe everything from site content to the site
author to a page rating. Different browsers recognize different META tags.

META Tag Format

All META tags must contain a CONTENT attribute and either the NAME or HTTP-EQUIV attribute.

Content: A text string that provides the value information for the META tag. Always enclose the text string in quotes.

Name: Defines the kind of META tag. Always enclose the NAME value in quotes. Usually contains information for the browser to interpret.

HTTP-EQUIV: Tells the server to include the name and value pair in the MIME document header passed to the Web browser. Use it to control or direct the actions of the browser.
A META tag example using the NAME attribute.

<META NAME="description"CONTENT="Pet supplies
for geriatric cats and dogs delivered to your

home. Learn about the special needs of older
cats and dogs.">

A META tag example using the HTTP-EQUIV attribute. This tells the browser to reload the page
every 10 seconds.

<META HTTP-EQUIV="refresh" CONTENT="10">

How Search Engines Use META Tags

Some search engines use META tag data to provide clearer, more concise results for searchers.
Description and Keywords are the two most important META attributes to search engines. Make
sure you have these on your pages before you submit your site.

DESCRIPTION: Most search engines display the content of the description tag as the site description on the search results page. This brief description of your site's content gives the searcher important information they need to determine your site's value. If there's no META description to display, most search engines pull the first few lines of text from the site's content
and display it on the results page.

Here's how a site that uses a META description attribute might appear on the results page:

"Purchase pet supplies online with free shipping! Specializing in pet food and pet care products
for older cats and dogs."

While a site with no description attribute might have its navigation menu displayed if that menu is
at the top of the page:

"Click Here! Membership | About Us | Meet The Staff | Products | Welcome to the site, we pride
ourselves on offering the most complete selection of."

Put your most important information early in the description since most search engines cut off the
display after about 200 characters.

KEYWORDS: Set NAME="keywords" to list all the keywords you want to associate with your site.
Your keywords are the search terms you expect people to use to locate your site. Separate each
keyword and keyword phrase with commas and limit the total size to about 256 characters.
A pet supplies retailer might select some of the following keywords: cat food, dog food, pet supplies, pet care, pet food. If they specialize in a certain area (like supplies for older pets),

then
they might use more targeted keywords that would attract a particular audience segment.
META keyword tags are especially useful on graphic-heavy sites with little text content. Use the
keywords in the META tags in your ALT image description for a boost in some search engines.
Refer to our August 2000 newsletter for instructions on selecting the right keywords for your site.
Each search engine algorithm evaluates META tags differently and a few don't consider them at
all when ranking sites. But most search engines do use META tags, so description and keyword
tags will increase your site's ranking if you use them properly. Search engines that don't use
META tags won't penalize you.

Other META Tags

Keyword and Description META tags usually receive the most notice, but there are other useful
META tags not directly related to site promotion.

Refresh:

Use this attribute to refresh the page and/or to redirect the user after a certain period of time.

Copyright: The copyright date of the page.

Author:

The author's name and any other information (email address, state, etc)
Expires:

Tells search engines when the page will be out of date. For instance, if you have a page describing a conference set for April 2001, you might set the page expiration date to May 2001.
Rating:

Use this META tag to rate your page much like movies and TV shows are rated. As more parents use filtering software, many may block access to "unrated" sites. In the future, a rating META tag may be necessary to increase your site's visibility.

<====== **BACK TO THE "DO MY OWN WEBSITE" ARCHIVE**

Backing up Outlook folders

http://www.sitedeveloper.ws/tutorials/outlook.htm

OUTLOOK™ BACKUP TUTORIAL

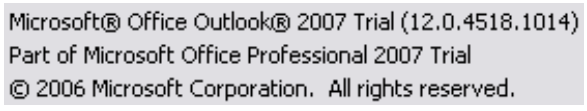
Outlook 2007 | Outlook 2003 | Outlook 2000 | Outlook Express | Programs | Links

Purpose:	• This tutorial is designed to provide a quick and easy way to back up your Microsoft® Outlook® or Outlook Express® e-mail. For many of us, our e-mail is our lifeline to our business. It is important to make regular backups in case of a hardware or software failure. You never know how important your e-mail is until you lose it. • This tutorial will also provide a means to easily restore you e-mail and contacts. For example, you may need to restore your e-mail and contacts following a system rebuild or you may simply want to move your information to a different computer.
Cost:	• Free, nothing to purchase.
Time:	• 10 Minute
Requirements:	• Ability to navigate Windows and copy folders and files.

→MICROSOFT OUTLOOK 2007←

BACKUP

1. The following procedure is **valid only** for Microsoft Office Outlook 2007. You can determine which version you are using by opening Outlook and clicking on Help > About Microsoft Outlook.

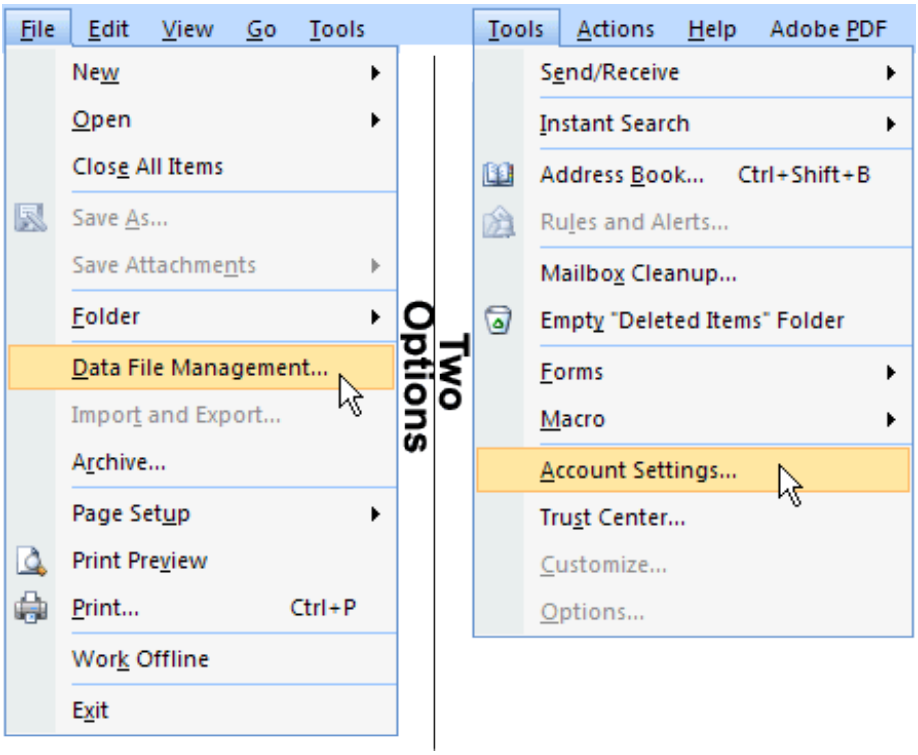


2. The Personal Folder file (.pst / PST) is the place where Outlook stores its data (when you're using Outlook without Microsoft® Exchange Server). Each Personal Folder file contains all of your Outlook folders, including the Inbox, Calendar, and Contacts. You may have a single .pst file (usually called "Internet Folders" or "Personal Folders" in your Folder List), and you may also have an additional .pst file that you use to archive messages (named "Archive Folders"). By backing up these PST files you will be backing up all your Outlook information.

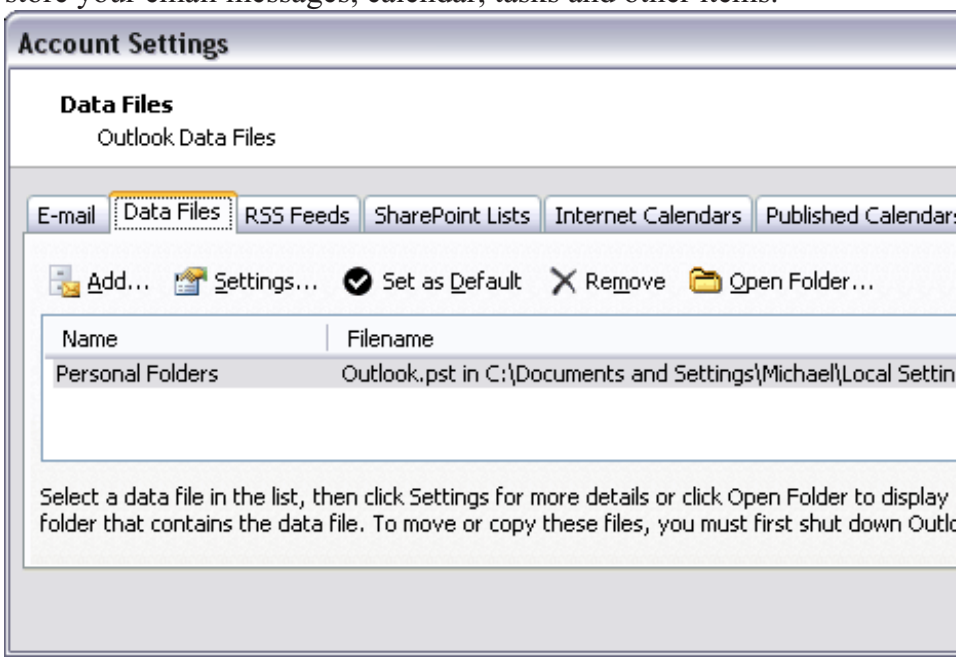
3. In previous versions of Outlook, it was difficult to locate the folder

containing the personal folder files. Developers have made this task much easier in Outlook 2007.

4. There are two ways to access the location of your data files. In the main menu, you can either click **File > Data File Management...** or **Tools > Account Settings...**



5. If not already selected, click on the "**Data Files**" tab. You may have a single data file or multiple data files. These "Data Files" are where you store your email messages, calendar, tasks and other items.



6. Highlight the data file that you are interested in backing up and click on the **"Open Folder..."** icon. Clicking on this icon will automatically launch Windows Explorer and take you to the location where this data file is stored.

7. Within the folder you should find an outlook.pst file

. Burn this file to a CDROM disk or other backup source. If you archive your email, be sure to backup the archive.pst file as well. Prior to backing up these files, Outlook will need to be closed.

- The table below lists key Outlook files that you may want to back up in addition to your Personal Folder(s). You will need to completely exit Outlook prior to copying these files. Depending upon your configuration some or all of these files may be present in your Outlook directory.

Type of File	Name or Extension
Personal Folders	.pst files
Outlook Bar shortcuts	.fav files
Rules Wizard rules	.rwz files
RSS subscription names	.sharing.xml.obi files
Known feed list for RSS	.xml.kfl files
Nicknames	.nick files
Customized toolbar settings	outcmd.dat
Customized system folder views	Views.dat
Macros and VBA programs	VbaProject.otm
Signatures	.rtf, .htm, and .txt files
Stationary	.htm files
Templates	.oft files
Dictionary	.dic files
Stores a reference to which extensions (addins) you have loaded.	extend.dat files

Compatibility Note

Microsoft introduced a new .pst format with the release of Office 2003 which has a greater storage capacity and supports multilingual Unicode. Personal folder files (.pst) created using

Office 2003 or 2007 will not be able to be opened by earlier versions of Office. To create a data file that is compatible with Outlook 2002 and earlier, you must first create a new data file in the Outlook 97-2002 format using the "Add" icon in the Data Files dialog box. Then you must select File > Import and Export from the main menu and import your email from the 2003/2007 .pst data file to the new 97-2002 data file that you just created. Visit this link for more information.

RESTORE

- If you have followed the steps above to backup your Outlook data, restoring is simple. All you do is copy the backup PST file(s) into the folder that you located when you initially backed up your work.

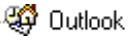
→MICROSOFT OUTLOOK 2003←

BACKUP

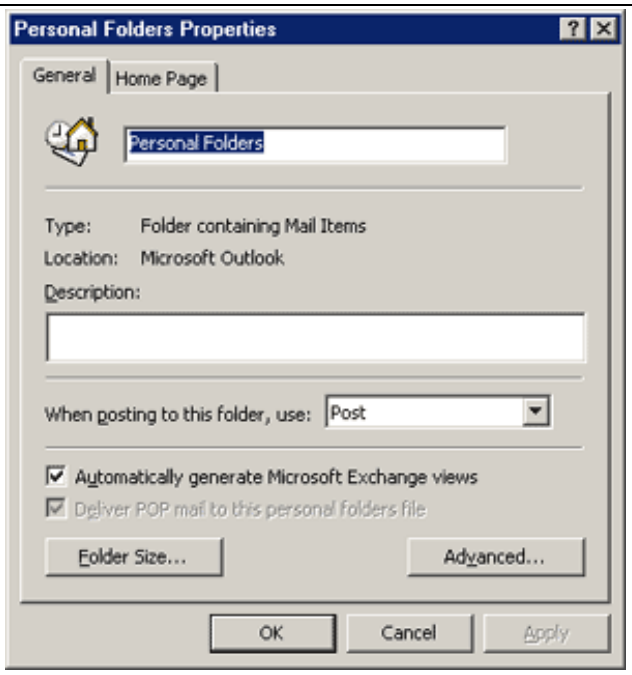
- The following procedures are **valid only** for Outlook with Internet Mail Only option. You can determine this by opening Outlook and clicking on Help > About Microsoft Outlook.

- The Personal Folder file (.pst / PST) is the place where Outlook stores its data (when you're using Outlook without Microsoft® Exchange Server). Each Personal Folder file contains all of your Outlook folders, including the Inbox, Calendar, and Contacts. You may have a single .pst file (usually called "Internet Folders" or "Personal Folders" in your Folder List), and you may also have an additional .pst file that you use to archive messages (named "Archive Folders"). By backing up these PST files you will be backing up all your Outlook information . The hard part is locating the files...
- You can find the location of this file by:

1. Right-clicking on the Outlook Today icon

found in your Outlook shortcuts, or the Outlook Today icon 

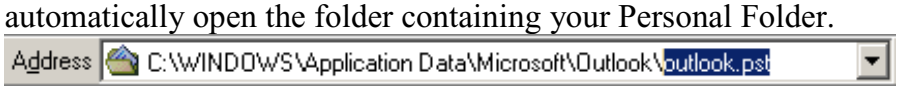
found in your folder list and then left-click "**Properties**".
2. Once the Properties dialog box is displayed, click the "**Advanced**" button.



3. The "**`Path...`**", shown below by the red arrow, indicates where your Personal Folder file can be found.

4. Write this path down and navigate to the designated folder (Outlook in this example)

OR
use your mouse cursor to copy (CTRL + C) and paste (CTRL + V) the path into Windows Explorer. Then, delete the "outlook.pst" at the end of the path and press the "Enter" key on your keyboard. Explorer will automatically open the folder containing your Personal Folder.



- Within the folder you should find an outlook.pst file

. Copy and paste this file to a Zip disk or other backup source. It will probably be too large to copy to a floppy disk. If you archive your email, be sure

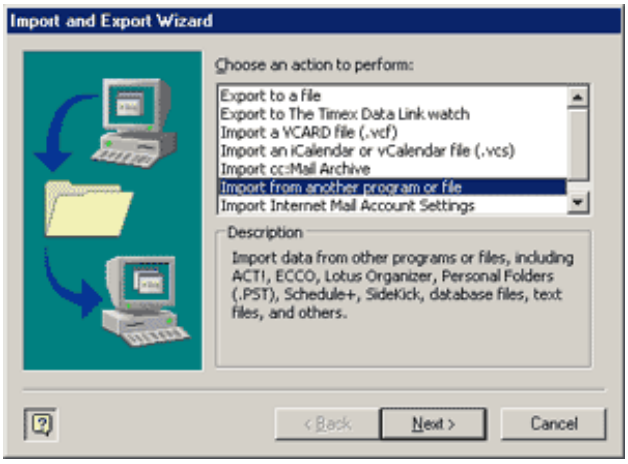
to backup the archive.pst file as well.

- The table below lists key Outlook files that you may want to back up in addition to your Personal Folder(s). You will need to completely exit Outlook prior to copying these files. Depending upon your configuration some or all of these files may be present in your Outlook directory.

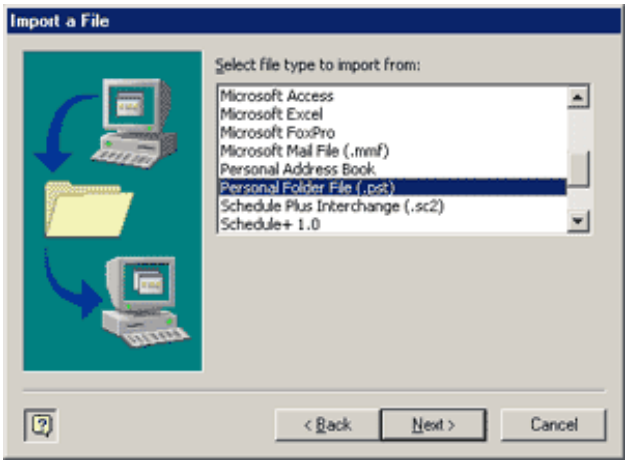
Type of File	Name or Extension
Personal Folders	.pst files
Outlook Bar shortcuts	.fav files
Rules Wizard rules	.rwz files
Nicknames	.nick files
Customized toolbar settings	outcmd.dat
Customized system folder views	Views.dat
Macros and VBA programs	VbaProject.otm
Signatures	.rtf, .htm, and .txt files
Stationary	.htm files
Templates	.oft files
Dictionary	.dic files
Stores a reference to which extensions (addins) you have loaded.	extend.dat files

RESTORE

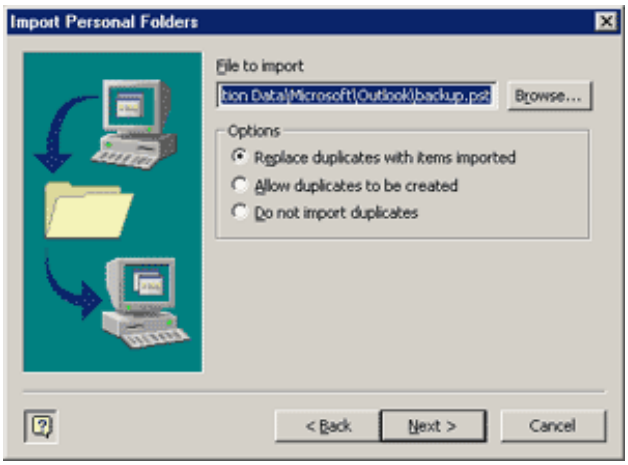
- If you have followed the steps above to backup your Outlook data, restoring is simple. All you do is copy the backup PST file(s) into the folder that you located when you initially backed up your work.
- Keep in mind that if you overwrite your existing PST file with your backup PST file, any new data since the time of the backup will be deleted. If you have recent data that is not on the backup copy of your PST file and you don't want to loose the recent data, then you can use the "Import" command to add data instead of overwriting data.
    1. Click on File > Import and Export...
    2. Highlight "**`Import from another program or file`**" and click "**`Next>`**".



3. Highlight "**`Personal Folder File (.pst)`**" and click "**`Next>`**".



4. Browse to the PST file that you desire to import, and click "**`Next>`**".



5. If needed, repeat the process for other PST files such as your archive.pst.

AUTOMATED BACKUP

- Microsoft has provided an automated backup application for Outlook 2000/2002 users. Simply download and install the program and you will be able to perform routine backups of all your Personal Folders.

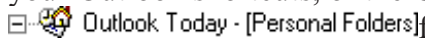
MICROSOFT OUTLOOK 2000

BACKUP

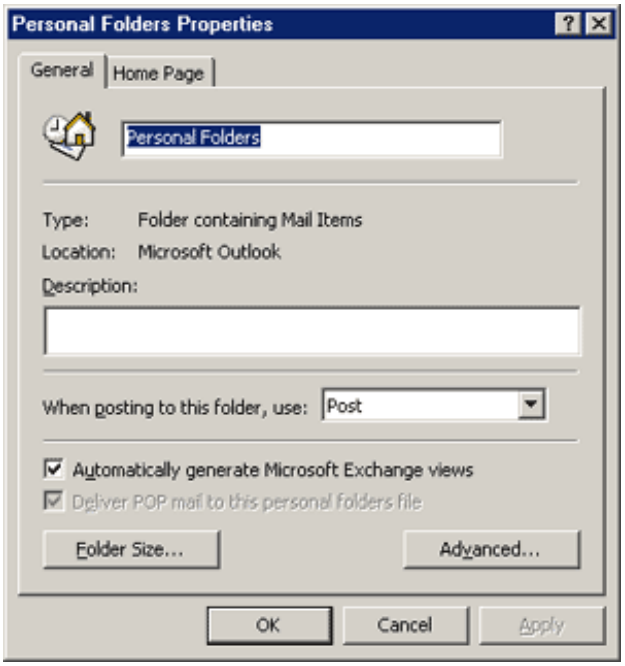
- The following proceedures are **valid only** for Outlook with Internet Mail Only option. You can determine this by opening Outlook and clicking on Help > About Microsoft Outlook.

- The Personal Folder file (.pst / PST) is the place where Outlook stores its data (when you're using Outlook without Microsoft® Exchange Server). Each Personal Folder file contains all of your Outlook folders, including the Inbox, Calendar, and Contacts. You may have a single .pst file (usually called "Internet Folders" or "Personal Folders" in your Folder List), and you may also have an additional .pst file that you use to archive messages (named "Archive Folders"). By backing up these PST files you will be backing up all your Outlook information . The hard part is locating the files...
- You can find the location of this file by:

1. Right-clicking on the Outlook Today icon

found in your Outlook shortcuts, or the Outlook Today icon 

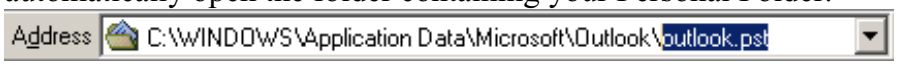
found in your folder list and then left-click "**`Properties`**".
2. Once the Properties dialog box is displayed, click the "**`Advanced`**" button.



3. The "**`Path...`**", shown below by the red arrow, indicates where your Personal Folder file can be found.

4. Write this path down and navigate to the designated folder (Outlook in this example)

OR
use your mouse cursor to copy (CTRL + C) and paste (CTRL + V) the path into Windows Explorer. Then, delete the "outlook.pst" at the end of the path and press the "Enter" key on your keyboard. Explorer will automatically open the folder containing your Personal Folder.



- Within the folder you should find an outlook.pst file . Copy and paste this file to a Zip disk or other backup source. It will probably be too large to copy to a floppy disk. If you archive your email, be sure to backup the archive.pst file as well.

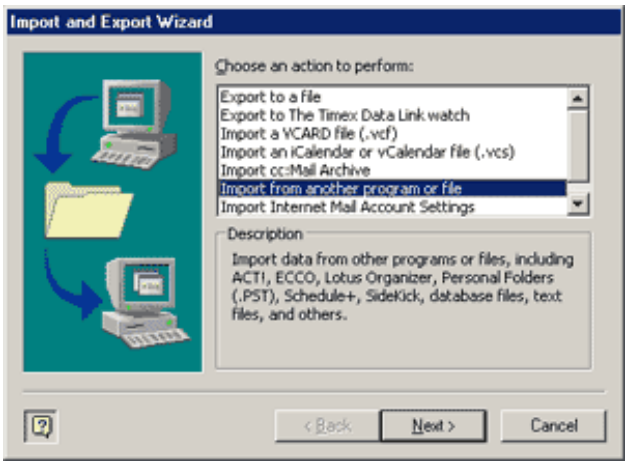
- The table below lists key Outlook files that you may want to back up in addition to your Personal Folder(s). You will need to completely exit Outlook prior to copying these files. Depending upon your configuration some or all of these files may be present in your Outlook directory.

Type of File	Name or Extension
Personal Folders	.pst files
Outlook Bar shortcuts	.fav files
Rules Wizard rules	.rwz files
Nicknames	.nick files
Customized toolbar settings	outcmd.dat

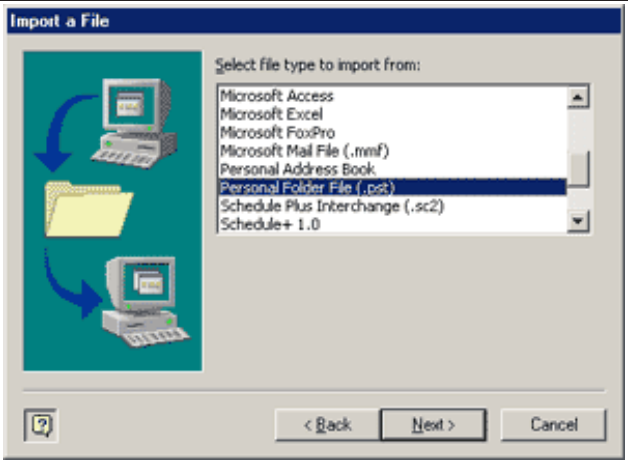
Customized system folder views	Views.dat
Macros and VBA programs	VbaProject.otm
Signatures	.rtf, .htm, and .txt files
Stationary	.htm files
Templates	.oft files
Dictionary	.dic files
Stores a reference to which extensions (addins) you have loaded.	extend.dat files

RESTORE

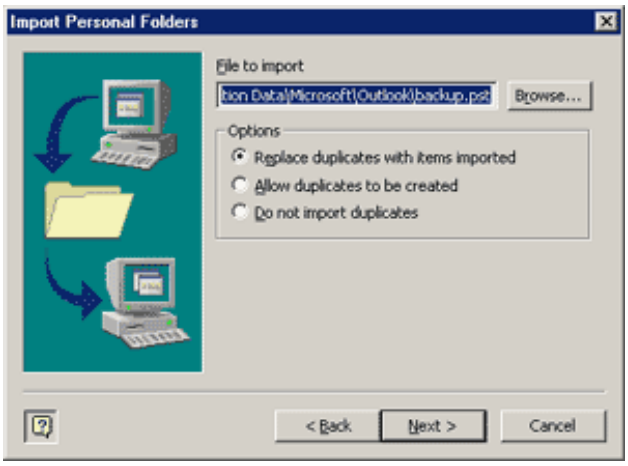
- If you have followed the steps above to backup your Outlook data, restoring is simple. All you do is copy the backup PST file(s) into the folder that you located when you initially backed up your work.
- Keep in mind that if you overwrite your existing PST file with your backup PST file, any new data since the time of the backup will be deleted. If you have recent data that is not on the backup copy of your PST file and you don't want to loose the recent data, then you can use the "Import" command to add data instead of overwriting data.
    1. Click on File > Import and Export...
    2. Highlight "**`Import from another program or file`**" and click "**`Next>`**".



    3. Highlight "**`Personal Folder File (.pst)`**" and click "**`Next>`**".



4. Browse to the PST file that you desire to import, and click "**`Next>`**".



5. If needed, repeat the process for other PST files such as your archive.pst.

AUTOMATED BACKUP

- Microsoft has provided an automated backup application for Outlook 2000/2002 users. Simply download and install the program and you will be able to perform routine backups of all your Personal Folders.

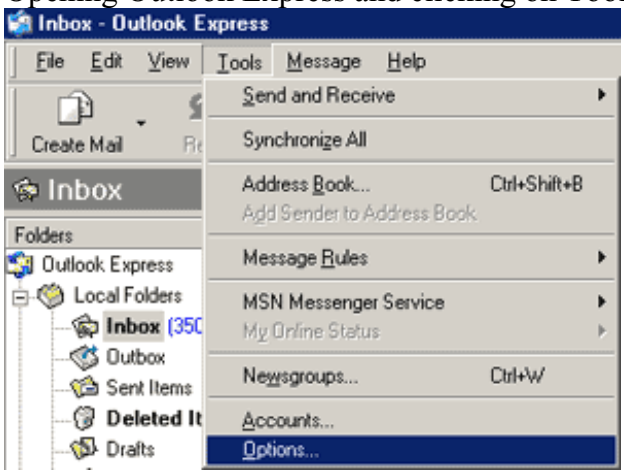
MICROSOFT OUTLOOK EXPRESS

BACKUP

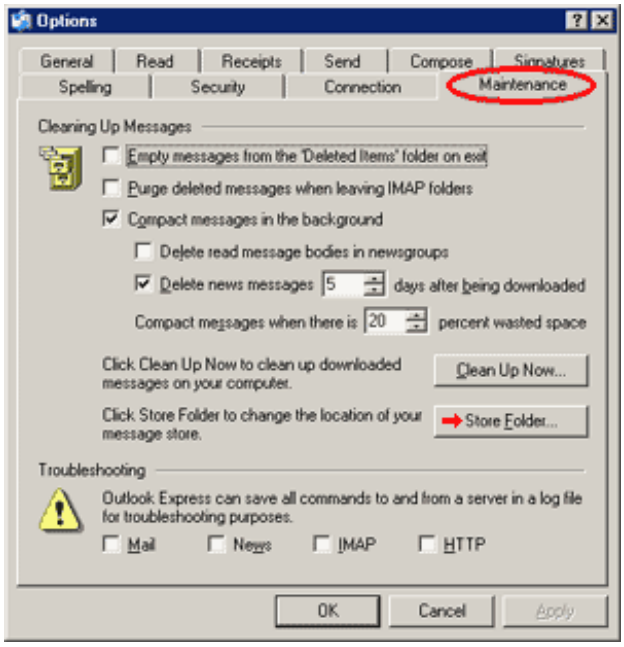
- The following proceedures were tested on Microsoft® Outlook Express® 6.0. The author makes no guarantees that this proceedure will work on other versions. However, the key element to backing up your data is locating the correct folder and files. Once this is accomplished, you simply copy the folder to your backup location.
    - You can find out which version of Outlook Express you are running by starting the program and then clicking on **`Help`** > **`About Microsoft Outlook Express`**.
- Microsoft Outlook Express stores your email, newsletter and contact information is a single folder. Within this folder there are individual

database files (*.dbx) for each folder contained in Outlook Express. For example, there will exist an Inbox.dbx, an Outbox.dbx, a Contacts.dbx and a variety of others including any new folders that you have created using Outlook Express (if you created a "Friends" folder there will be a corresponding Friends.dbx file). By backing up these database files you will be backing up all your Outlook information . The hard part is locating the files...

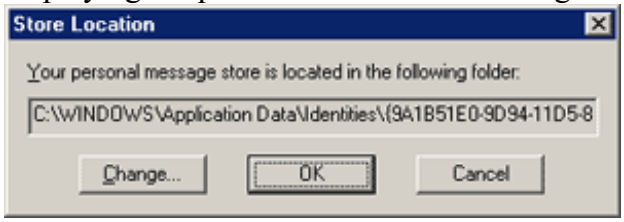
- You can locate the folder containing these files by:
    1. Opening Outlook Express and clicking on Tools > Options.



    2. Click on the Maintenance Tab and then on the "Store Folder" button.



    3. You will be presented with a "Store Location" window displaying the path to the folder containing the database files.



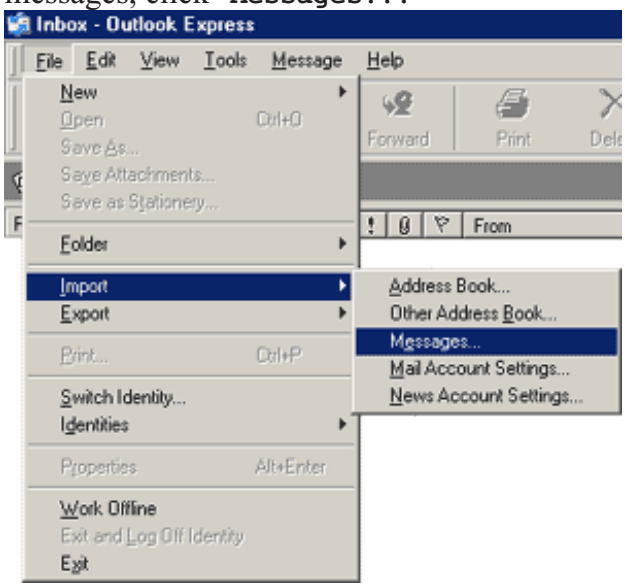
    4. Using your mouse cursor, select the entire path, then copy

(CTRL + C) and paste (CTRL + V) the path into Windows Explorer (Explorer can be found here: Start > Programs > Accessories > Windows Explorer). Erase the "Outlook Express" from the end of the path and press the "Enter" key on your keyboard. Explorer will automatically open the folder containing your Outlook Express folder that you need to back up. .

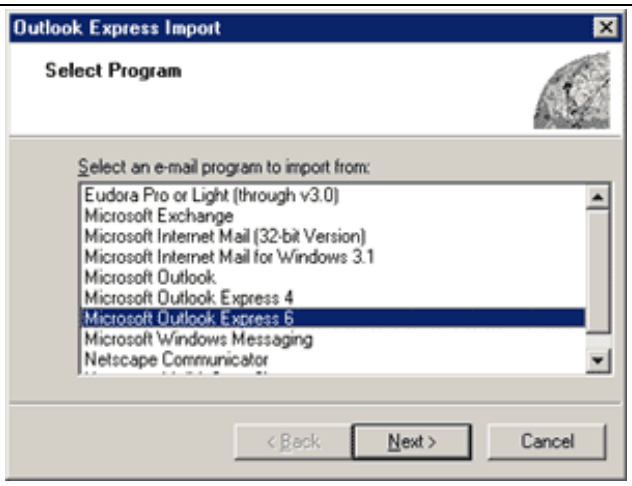
5. Copy and paste this folder to a Zip disk or other backup source. It will probably be too large to copy to a floppy disk.

RESTORE

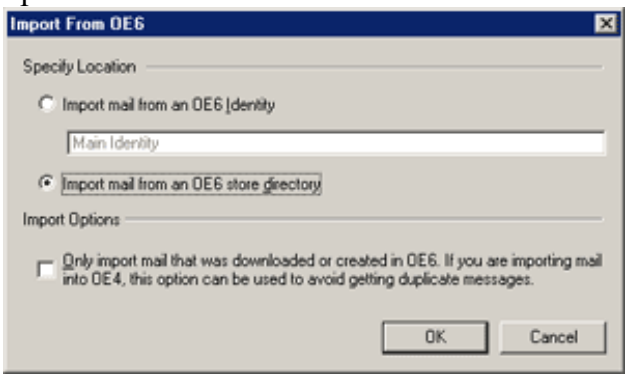
- If you have followed the steps above to backup your Outlook Express data, restoring is simple. All you do is copy the backup Outlook Express folder into the folder that you located when you initially backed up your work.
- Keep in mind that if you overwrite your existing Outlook Express folder with your backup folder, any new data since the time of the backup will be deleted. If you have recent data that is not on the backup copy and you don't want to loose the recent data, then you can use the "Import" command to add data instead of overwriting data.
    1. Click on File > Import and select the type of database you will be importing. For example, if you desire to import your email messages, click "**`Messages...`**"



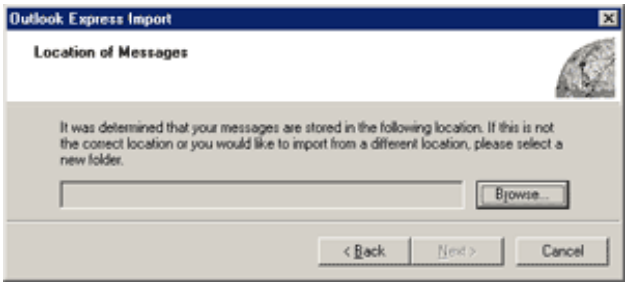
    2. Select the program your backup files were created from. In our example, we are simply restoring backup files from the same program and would choose "**`Microsoft Outlook Express 6`**".



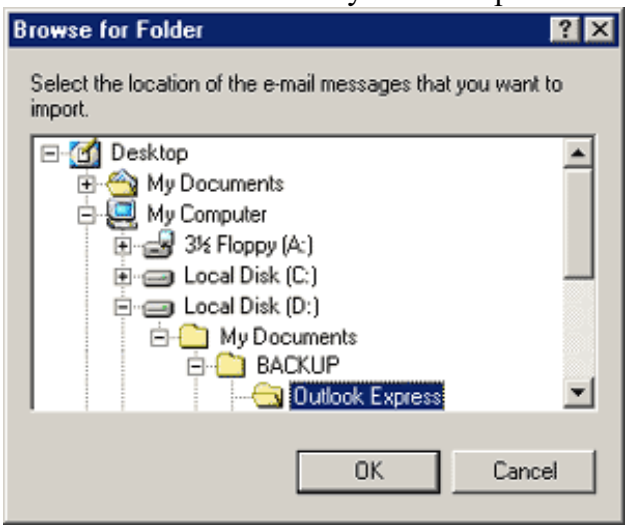
3. Select the "**`Import mail from an OE6 store directory`**" option.



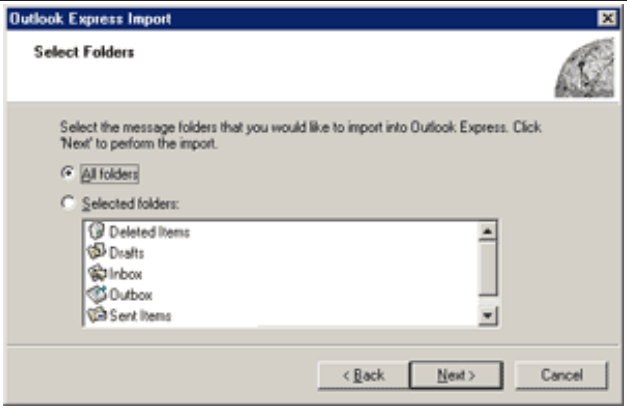
4. Click "**`Browse`**" when asked for a location.



5. Browse to the location of your backup folder.



6. Select "**`All folders`**" and click "**`Next >`**".



7. When the Import Wizard completes importing your messages, click "**`Finish`**".
8. For more information directly from Microsoft, click here.

Programs of interest:
ABF OUTLOOK BACKUP: a backup and synchronization tool for MS Outlook.
ABF OUTLOOK EXPRESS BACKUP: a backup and synchronization tool for MS Outlook Express.

Links of interest:
WWW.MICROSOFT.COM: Outlook Express Support Center.
WWW.MICROSOFT.COM: Outlook Support Center.

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Hosted By: Blue Dolphin Networks

Internet Retailers

The internet has transformed the way that travel and tourism products are sold. In the old days, outbound tour operators contracted product services from overseas suppliers and packaged these together as holidays which were sold to a tour operator's customers through physical travel agent shops. Now products are sold to individual travellers by overseas suppliers directly over the internet and through online agents, as well as the through the more traditional (but increasingly less common) tour operator route. But, whilst some suppliers have managed to harness the internet very effectively as a distribution channel for direct sales, it can also be very efficient (and often easier) to work through established online retailers. The disadvantage is that these retailers usually charge commission, which can reduce your margin, but the advantage is that they can bring significant business, whilst also reducing your marketing costs.

Internet retailers are on-line retailers, in some cases complementing conventional operators and agents, but usually they are a global distribution system for mainstream products. This category also includes holiday auction sites and over-branded in-house websites used to sell distressed stock. There are very few sites that are selective and control their product according to strict quality criteria, and sometimes they act as 'matchmakers' between suppliers and operators. Retailers act as sales agents and sell product direct to consumers, and also via travel agents. Income is mainly from commission, and also advertising revenue and registration fees.

The distinction between 'matchmakers' and 'sales agents' is both practical and legal. Whilst both might gain a commission from the transaction, a 'matchmaker' introduces potential clients to suppliers (and sometimes vice versa), whilst an 'agent' sells directly the tourism services of a supplier to customers, although the consumer might be under the impression that they are dealing directly with the supplier.

Internet retailers can also be divided into two categories: high volume, low margin' and 'low volume, high margin'. The large internet retailers compete on price and supply a commodity market, whilst the many small ones focus on specialist products, particular niche markets or are dedicated to a small number of suppliers, sometimes in a single destination. The smaller retailers therefore gain tremendous expertise, but at the expense of a balanced portfolio, which would reduce their exposure to the risk of an unexpected fall in their chosen field.

The websites of vertically integrated tour operators, such as TUI, Thomas Cook and MyTravel, and those of other large tourism service providers, such as international hotel groups and airlines and car hire firms, are not considered here. This is because such websites are an extension of conventional retailing, rather than representing a specialist distribution channel, and also because many of their 'mass market' products are not currently relevant to Nepal.

However, unlike holidays booked through tour operators (whether online, by telephone or through a travel agent), consumers will often not have the same protection provided them by Council Directive on package travel, package holidays and package tours (90/314/EEC of 13 June 1990). Thus, whilst the larger internet retailers have developed fairly comprehensive contractual and regulatory frameworks that offer a measure of protection to consumers, the smaller ones have adopted a more precautionary approach, to protect both their customers and their own businesses. Many have therefore adopted more of a 'matchmaking' role, so that their legal agency (and liability) is limited, but their ability to freely make a much wider range of specific recommendations is enhanced. Consumer confidence in the smaller retailers thus becomes a function of commercial independence and transparency.

One of the fastest growing internet retailers is the UK-based responsibletravel.com (http://www.re-

sponsibletravel.com/), which has grown by 250% each year since its launch in April 2001. It acts as an 'introducer' for suppliers, matching suppliers to customers and also bringing together suppliers and operators. Its 260 suppliers in 140 countries are known as 'partners' or 'members' and between them offer 2,000 individual products; its customers are primarily in English-speaking markets, with 80% in the UK, but this is changing. Every supplier is carefully screened and each product must fulfil specific criteria that include environmental, social and economic policy. This process typically takes 7-10 days. All partners must have the capacity to respond to email enquiries in English within 48 hours. Each partner pays an annual fee, which ranges from nothing for community-led enterprises to more than £5,000 for the largest tour operator, plus commission per converted enquiry, which is never more than 10%. The company insists that it is "not a middle man, because the supplier knows best". Thus, it generates booking enquiries for its partners, who are then responsible for converting these into sales.

With a strapline inviting visitors to "Find 1000's of holidays to 100's of places not ravaged by mass tourism", the company distinguishes itself from larger retailers, like lastminute.com (http://www.lastminute.com/) and Expedia (http://www.expedia.com/default.asp), both of which have huge brand recognition but which lack the capacity to deal so individually with customers. Its objective is to "market responsible tourism as a different and better product than less responsible tourism". Many of responsibletravel.com's "best sellers are wildlife trips, walking holidays ... [and] more adventurous family holidays". Given that such products are nowadays in fact very mainstream, this indicates that the online marketing of sustainable tourism is no longer a niche activity. A leading UK tour operator has reported that it achieves more sales through responsibletravel.com than through any other internet retailer. Consumers of such products however inevitably require a lot of information, on which only the supplier will be able to answer detailed questions. A customer identifies a product through the company's website (with every page individually subjected to highly sophisticated search engine optimization) or through one of its increasingly numerous newspaper supplements, sends an enquiry (via the website) to the supplier, who responds with full information and booking details. Such a service could not be offered by a large retailer, if only because enabling such communication would put their commission at risk, but is part of the unique proposition of responsibletravel.com. Such a process is of course subject to audit, which is possible for a relatively small operation. Known primarily as a B2C agent, responsibletravel.com is particularly proud of some of its B2B activities, enabling tiny community tourism businesses to engage with leading international tour operators, and helping numerous journalists to identify some excellent sustainable tourism products, generating significant PR opportunities and additional business for its members. It has rarely lost a member, because it offers good value for money and has created a community of suppliers and customers that value authenticity and the direct approach. Apart from offering all the usual add-on products, such as flights, travel clothes and insurance, the company also offers 'Tips for responsible travellers'. It is also one of the most effective online retailers at 'search engine optimization' (SEO), which ensures that (without paying for internet advertising!) products registered on responsibletravel.com almost invariably appear on the first page of searches on relevant terms, such as "Nepal holidays" or "Nepal walking tours".

TIP: Visit http://www.responsibletravel.com/Copy/Copy102208.htm to find out how you can sell your products through responsible.com.

Effective websites

Producing an effective tourism website featuring sustainable tourism products requires just two considerations.

- Does it provide sufficient product information?
- Does it facilitate the booking process?

There are four key elements of an effective website:

Evidence of credibility, quality and safety. An example of a 'credibility' statement would be "Established since 1997" or "Registered with Nepal Tourism Board". Evidence of 'quality' can be given by testimonials, such "'A brilliant holiday experience' – John Smith, Manchester", which is another reason for collecting customer feedback. 'Safety' might be illustrated by a fact such as "500 treks safely completed last year" or a policy such as "our porters are supplied with the latest trekking equipment", which also demonstrates responsible employment practices. These three aspects of your operation should be clearly visible on the homepage of your website.

Product information, emphasising authenticity and distinctiveness. It should not be necessary for potential customers to guess what your product is. Be descriptive, and focus on the experiential aspects of the product.

Straightforward booking process with facility for online enquiry. Enable your customers to book your product, and allow them to (easily) ask questions if they need to. Have a FAQs ('Frequently Asked Questions') section, so that potential customers can proceed without having to contact you for further information. Make the process simple.

Details of sustainable tourism policies, with illustrations of application. Since you have policies, make a feature of them. Illustrating practical applications and community benefits are part of the 'story', which makes your products distinctive. Harness your experience to sell your product.

Other important features of a good website contribute to search engine optimization:

Linked to other relevant products and websites. Having relevant hyperlinks on your website including links to media articles about your company and products will enhance your website's rankings. Associating your products with other products and affinity groups will enhance the profile of your own products. This is all about demonstrating that your product isn't isolated, but rather is part of a larger more viable product cluster.

Key word optimized in text and metatext. Adding a greater and more diverse range of relevant terms to the text (on visible pages) and metatext (in source code behind) will increase the likelihood of your products being found by potential customers. Also think about thematic associations.

TIP: From the search results for a relevant term in Google, such as 'Bhutan holidays', view the source code of higher ranked results and see what 'keywords' are being used, as these are probably contributing to their ranking.

Hosted on a reliable and fast server. The best website in the world can be completely jeopardised by being on an unreliable platform. Customers will not wait around, if your server is unresponsive. By the same token, don't clutter your website with lots of unnecessary graphics, which will just make it slow to download.

Trust Games

Trust games usually make sense once the members of a group know each other a little better or when mutual trust and confidence in each other should be encouraged. Direct feedback, reflection on the games and the experiences can be done as a conclusion.
[References to the symbols]

1. **Supporting Hands**

   A member of the group is held and carried by the others.

2. **Transport the Injured**

   An injured person is carried by his friends.

3. **Zigzag Circle**

   Mutual trust and mutual support - this is the only way to success.

4. **Finding the secret entrance**

   How do I get into the group?

5. **Push the emergency button**

   How do I get the group under control?

6. **Fall Back**

   One player lets himself fall backwards and is caught by another player.

7. **The Tickle Game**

   The team doing the tickling must guess who is being tickled.

8. **Group and Outsider**

   The group learns that even outsiders belong in the group and contact shouldn't be avoided.

9. **Balloon Trip**

   Group relationships and the role of the individuals in the group can be clearly noted.

10. **Nature Blind Touch**

    While blindfolded, the blind person receives assistance from his partner.

11. **Cat and Mouse**

    Cat and mouse are blind-folded and have a trainer who directs them by clapping hands or snapping fingers.

12. **Leading the Blind**

    One person is blind-folded and is tied with four long ropes that are held by four players.

13. **Horse with blinkers**

A obstacle course is completed on piggy back. The "horse" is blindfolded. The horse receives instructions from the rider with thigh pressure.

14. **Double statue**

    The blindfolded partner tries to copy the same position.

15. **Banging your head against the wall**

    The players holds a blanket tense. One players tries to break through the wall.

16. **Sleeping mummies**

    A player is brought back to life from under the blanket.

17. **Blind snake**

    The blindfolded players hold hands. Only the head of the snake can see and shows them the way.

18. **Leading the Blind**

    One person is blind-folded and is tied with four long ropes that are held by four players.

19. **Mine Fields**

    One partner is blind-folded and must walk through a 'mine field'.

20. **Rope spider**

    A player lies on a spider's web of ropes and is lifted up.

The Partnership for Global Sustainable Tourism Criteria

Working together for the universal adoption of sustainable tourism principles

Global Sustainable Tourism Criteria
Preamble

Sustainable tourism is on the rise: consumer demand is growing, travel industry suppliers are developing new green programs, and governments are creating new policies to encourage sustainable practices in tourism. But what does "sustainable tourism" really mean? How can it be measured and credibly demonstrated, in order to build consumer confidence, promote efficiency, and fight false claims?

The Global Sustainable Tourism Criteria are an effort to come to a common understanding of sustainable tourism, and will be the minimum that any tourism business should aspire to reach. They are organized around four main themes: effective sustainability planning; maximizing social and economic benefits for the local community; enhancing cultural heritage; and reducing negative impacts to the environment. Although the criteria are initially intended for use by the accommodation and tour operation sectors, they have applicability to the entire tourism industry.

The criteria are part of the response of the tourism community to the global challenges of the United Nations' Millennium Development Goals. Poverty alleviation and environmental sustainability – including climate change – are the main cross-cutting issues that are addressed through the criteria.

Beginning in 2007, a coalition of 27 organizations – the Partnership for Global Sustainable Tourism Criteria – came together to develop the criteria. Since then, they have reached out to close to 100,000 tourism stakeholders, analyzed more than 4,500 criteria from more than 60 existing certification and other voluntary sets of criteria, and received comments from over 1500 individuals. The Sustainable Tourism Criteria have been developed in accordance with the ISEAL Code of Best Practice, and as such will undergo consultation and receive input every two years until feedback is no longer provided or unique.

Some of the expected uses of the criteria include the following:

- Serve as basic guidelines for businesses of all sizes to become more sustainable, and help businesses choose sustainable tourism programs that fulfill these global criteria;
- Serve as guidance for travel agencies in choosing suppliers and sustainable tourism programs;
- Help consumers identify sound sustainable tourism programs and businesses;
- Serve as a common denominator for information media to recognize sustainable tourism providers;
- Help certification and other voluntary programs ensure that their standards meet a broadly-accepted baseline;
- Offer governmental, non-governmental, and private sector programs a starting point for developing sustainable tourism requirements; and
- Serve as basic guidelines for education and training bodies, such as hotel schools and universities.

The criteria indicate what should be done, not how to do it or whether the goal has been achieved. This role is fulfilled by performance indicators, associated educational materials, and access to tools for implementation, all of which are an indispensable complement to the Global Sustainable Tourism Criteria.

The Partnership conceives the Global Sustainable Tourism Criteria as the beginning of a process to make sustainability the standard practice in all forms of tourism.

Global Sustainable Tourism Criteria

A. Demonstrate effective sustainable management.

A.1. The company has implemented a long-term sustainability management system that is suitable to its reality and scale, and that considers environmental, sociocultural, quality, health, and safety issues.

A.2. The company is in compliance with all relevant international or local legislation and regulations (including, among others, health, safety, labor, and environmental aspects).

A.3. All personnel receive periodic training regarding their role in the management of environmental, sociocultural, health, and safety practices.

A.4. Customer satisfaction is measured and corrective action taken where appropriate.

A.5. Promotional materials are accurate and complete and do not promise more than can be delivered by the business.

A.6. Design and construction of buildings and infrastructure:

A.6.1. comply with local zoning and protected or heritage area requirements;

A.6.2. respect the natural or cultural heritage surroundings in siting, design, impact assessment, and land rights and acquisition;

A.6.3 use locally appropriate principles of sustainable construction;

A.6.4 provide access for persons with special needs.

A.7. Information about and interpretation of the natural surroundings, local culture, and cultural heritage is provided to customers, as well as explaining appropriate behavior while visiting natural areas, living cultures, and cultural heritage sites.

B. Maximize social and economic benefits to the local community and minimize negative impacts.

B.1. The company actively supports initiatives for social and infrastructure community development including, among others, education, health, and sanitation.

B.2. Local residents are employed, including in management positions. Training is offered as necessary.

B.3. Local and fair-trade services and goods are purchased by the business, where available.

B.4. The company offers the means for local small entrepreneurs to develop and sell sustainable products that are based on the area's nature, history, and culture (including food and drink, crafts, performance arts, agricultural products, etc.).

B.5. A code of conduct for activities in indigenous and local communities has been developed, with the consent of and in collaboration with the community.

B.6. The company has implemented a policy against commercial exploitation, particularly of children and adolescents, including sexual exploitation.

B.7. The company is equitable in hiring women and local minorities, including in management positions, while restraining child labor.

B.8. The international or national legal protection of employees is respected, and employees are paid a living wage.

B.9. The activities of the company do not jeopardize the provision of basic services, such as water, energy, or sanitation, to neighboring communities.

C. Maximize benefits to cultural heritage and minimize negative impacts.

C.1. The company follows established guidelines or a code of behavior for visits to culturally or historically sensitive sites, in order to minimize visitor impact and maximize enjoyment.

C.2. Historical and archeological artifacts are not sold, traded, or displayed, except as permitted by law.

C.3. The business contributes to the protection of local historical, archeological, culturally, and spiritually important properties and sites, and does not impede access to them by local residents.

C.4 The business uses elements of local art, architecture, or cultural heritage in its operations, design, decoration, food, or shops; while respecting the intellectual property rights of local communities.

D. Maximize benefits to the environment and minimize negative impacts.

D.1. Conserving resources

D.1.1. Purchasing policy favors environmentally friendly products for building materials, capital goods, food, and consumables.

D.1.2. The purchase of disposable and consumable goods is measured, and the business actively seeks ways to reduce their use.

D.1.3. Energy consumption should be measured, sources indicated, and measures to decrease overall consumption should be adopted, while encouraging the use of renewable energy.

D.1.4. Water consumption should be measured, sources indicated, and measures to decrease overall consumption should be adopted.

D.2. Reducing pollution

D.2.1. Greenhouse gas emissions from all sources controlled by the business are measured, and procedures are implemented to reduce and offset them as a way to achieve climate neutrality.

D.2.2. Wastewater, including gray water, is treated effectively and reused where possible.

D.2.3. A solid waste management plan is implemented, with quantitative goals to minimize waste that is not reused or recycled.

D.2.4. The use of harmful substances, including pesticides, paints, swimming pool disinfectants, and cleaning materials, is minimized; substituted, when available, by innocuous products; and all chemical use is properly managed.

D.2.5. The business implements practices to reduce pollution from noise, light, runoff, erosion, ozone-depleting compounds, and air and soil contaminants.

D.3. Conserving biodiversity, ecosystems, and landscapes

D.3.1. Wildlife species are only harvested from the wild, consumed, displayed, sold, or internationally traded, as part of a regulated activity that ensures that their utilization is sustainable.

D.3.2. No captive wildlife is held, except for properly regulated activities, and living specimens of protected wildlife species are only kept by those authorized and suitably equipped to house and care for them.

D.3.3. The business uses native species for landscaping and restoration, and takes measures to avoid the introduction of invasive alien species.

D.3.4. The business contributes to the support of biodiversity conservation, including supporting natural protected areas and areas of high biodiversity value.

D.3.5. Interactions with wildlife must not produce adverse effects on the viability of populations in the wild; and any disturbance of natural ecosystems is minimized, rehabilitated, and there is a compensatory contribution to conservation management.

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