



Coal Creek Feasibility Study and Business Plan

Client: South Gippsland Shire (Victoria)

Issues to solve

- The cultural heritage tourism product was considered to be over mature and in the declining stage of its product lifecycle
- The business was losing \$0.5-0.75M per year and the Council responsible for it were seeking cost neutrality within three years

Innovative responses

1. We provided an empowering frame of reference for three strategic options
 - to stay the same a projected loss of \$3.4M over four years (and continuing)
 - to close the business and site down at a cost of \$2.7M, then zero costs or benefits
 - to invest in the product a cost of \$6M to achieve neutrality in three years
2. We conceptualized a range of cost saving measures and tourism and educational products, then pitched the ideas to local stakeholders and visitors to determine their preferences
3. We refined a smaller set of ideas and market tested them with stakeholders from three target markets, creating a price and product attractiveness index to clearly show the client comparative strength
4. We conducted a competitor analysis to identify the key strengths and limitations and price points of related / competitor products
5. To analyse stakeholder feedback to our exhibited Feasibility Report, we developed an indexing system that clearly showed how much support there was for each option
6. We created a staging plan to test private sector interest in investment and operation
7. We identified capital costs and forecast revenues and expenses, then projected alternative rates of return based on alternative investment approaches and cashflows

Our ideas included
 reducing the asset base to reduce operating expenses, moving assets to intensify the experience, touch screen guided tour to create a quick capital injection, a son et lumiere featuring significant pyrotechnics (pictured above) to create profile and an overnight education camp to create long term returns

