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Ionad Cois Locha – 20 Years On

By

Gerry Mortimer[1]

Early in 2007, Seamus Gallagher watched from his modest attic office at Ionad Cois Locha as the last main steel beam was lifted into place right outside his window. The new venue was at last taking shape. Already it was a month or more behind schedule because the violent storms of late 2006 had meant that the steel frame could not be erected until now, and it would be at least May before the building would be completed. It had been planned to be ready by April before the main tourist season. He was anxious that construction work on the new €1.8m development would not be in progress in high season as it could interfere with the operation of the existing attractions at Ionad Cois Locha.

Seamus, who was Managing Director of the co-operative that owned and operated Ionad Cois Locha, turned back from the window and resumed his discussions with Marion Barrett, who managed administration and personnel at Ionad Cois Locha Also present was a long serving business advisor with whom he had worked since soon after Ionad Cois Locha had opened in 1990. "We can't do anything about the weather, so let us look at the key decisions which we do need to make about the new venue and the operation in general here. As I see it, we need to look at the management and marketing of the new venue, ensuring that it can pay its way. In addition, as you know, I have put almost twenty years of blood, sweat, and tears, sometimes all three at once, into this place and I would like to take a step back at my age and perhaps do some traveling, given that my only responsibility now, outside of this place, is a few sheep on the farm up the hill."

The Development of Ionad Cois Locha

Ionad Cois Locha, or the Lakeside Centre, is situated in the small village of Dunlewey in west Donegal. Dunlewey and its immediate hinterland has a population of about 250. It is located on the southern slopes of Mount Errigal, one of very few quartzite mountains in Ireland (quartzite mountains are noted for their distinct conical shape). From the village of Dunlewey the land drops away further to the upper Dunlewey Lake. The lake was man made and, with lower Dunlewey Lake, forms a reservoir from which water was drawn to feed a hydroelectric scheme further down river. A well known valley and cliff, the Poison Glen, stood at the head of the lake and is visible from Ionad Cois Locha. In fact the spectacular view from the office window across the lake to the mountains had only recently become visible since the trees were cut down to allow for the building of the new venue. However, when the venue will be completed, it will totally block any view from

[1] This case was prepared by Gerry Mortimer, Dublin Institute of Technology. It was developed solely as the basis for class discussion and is not intended to reflect effective or ineffective management of an administrative situation. The author acknowledges the assistance of the management of Ionad Cois Locha in the preparation of this case study.

the window. Dunlewey is about 40km west of Donegal's main county town, Letterkenny, and about 10km east of the coastal community of Gweedore.

Like much of Donegal, the community of Dunlewey had suffered severely from emigration, mostly to Scotland and England. Seamus, himself, had left the area at a relatively young age and worked, mainly in construction, in England and Australia, before returning to Dunlewey in the mid-eighties. While the community he returned to was in better economic shape than when he left, it was still a community in decline. Prospects had been improved by the development of an industrial estate in nearby Gweedore. The area, including Dunlewey, was Irish speaking and the governments in the sixties and seventies had invested heavily in assisting industry to locate there to preserve the character of the area and offer local employment. This was channeled through Udaras na Gaeltachta, the statutory body for developing, and preserving, the Irish speaking regions of Ireland which were mostly on the western seaboard. Udaras na Gaeltachta has been, and continues to be, closely involved in the development of Ionad Cois Locha. Directly, the only employer in the immediate area at the time was the Electricity Supply Board (ESB), which operated a turf burning power generation station. This was slated for closure and eventually shut down in the nineties.

When Seamus returned to Dunlewey he was concerned about the decline in the community. With others, he established a group which first developed a community centre to encourage local activities. The group then developed a co-operative, Dunlewey Co-op (Comharchumann Dhun Luiche Teo). In time over 130 shareholders contributed funds to the Co-op. Seamus also felt that there should be an economic initiative if the community was to survive and prosper. He was of the opinion that there was no reason for anybody to stop in Dunlewey as its sole businesses were a small pub and an equally small and outdated An Oige youth hostel. In addition, the mountain road from Dunlewey to Letterkenny was of very poor quality. Larger vehicles could not use it and it was frequently in a dangerous, icy condition in winter. As a result, much of the traffic between Letterkenny and Gweedore took a longer coastal route to the north of Dunlewey, bypassing the village altogether. Promises had been made by local and central authorities to upgrade the road and, if this was done, it would increase the flow of traffic through Dunlewey. Glenveagh National Park, Castle and Gardens, about 15km east of Dunlewy on the Letterkenny road, had recently been developed as a state park and was attracting up to 100,000 visitors per annum. That number of visitors made it the largest tourist attraction in Donegal at that time. What if some proportion of those visitors could be persuaded to turn left when they came out of Glenveagh and go west to, and stop in, Dunlewey?

Several ideas were considered by the group before eventually one was chosen. Between the village and the lake was an old house which had once been the residence of a renowned local weaver of tweed, Manus Ferry. Manus had lived there all of his life with his brother and sister. None of them had ever married. They also had a small shop in an outbuilding. By the late eighties all family members were dead but the house had remained exactly as it was when they were alive. The proposal involved using the house as a museum and encouraging an understanding of the local weaving tradition as

practiced by Manus. Funding was sought and obtained from several sources including Udaras na Gaeltachta and the International Fund for Ireland (IFI). IFI was established with funds from several countries, particularly the USA, to encourage development in border areas and Northern Ireland with a view to bringing an end to the conflict in Northern Ireland. Other contributors included Failte Ireland (then Bord Failte, the Irish Tourist Board), the Government Department of the Gaeltacht, and FAS (the national training organization).

A local architect was employed to design a building which would have the following facilities:

- Interpretive centre
- Access to the weaver's cottage
- Café/Restaurant
- Craft Shop
- Administrative Offices

Construction took place in the winter and spring of 1989/90. Much of the work was undertaken under the direct supervision of Seamus, although a local contractor was also employed.

By the end of July the building was ready to open and now needed to be staffed. None of the committee involved in the project had any experience of operating such a business involving catering, retailing, and managing a museum. Seamus became joint managing director with another committee member. Extensive use was made of employment schemes designed to encourage unemployed people back into work. At the time, community based schemes were particularly encouraged.

By Seamus' own admission, many mistakes were made in the early stages as the project bedded in. The joint management did not function well and the other managing director left, leaving Seamus in charge. Essentially the offering was the shop and café, both of which had open entry, and the interpretive centre and cottage which required an entry fee. Because of the open access, it has always been difficult to estimate numbers attending, but it was estimated that 6,000 attended in the first year of operation.

The centre slowly expanded its facilities, particularly in the area between the main buildings and the lake. A children's playground was developed, particularly for smaller children. A second hand boat was purchased and adapted to provide boat trips on the lake. A display of farmyard animals was also added, using and modifying existing outhouses. Inevitably it took time to create awareness of the centre. It was located down a narrow road off the main road through the village and was not visible from the main road. Needless to say, it would be some years before Ionad Cois Locha would feature in any guidebook of the area.

With the assistance of Udaras na Gaeltachta, a marketing/business advisor was brought in, late in 1992, to help provide direction to a project that was struggling to survive. A young marketing executive had been employed but, on the recommendation of the advisor, her contract was not renewed at the end of 1992. It was felt that the limited

marketing resources would be better spent in other ways. The marketing executive had focused most of her efforts on trade and consumer fairs to attract both individual tourists and groups. The advisor was of the view that Ionad Cois Locha was a minor tourist attraction which would not draw tourists to the area. Therefore the focus should be on bringing in visitors who were already in the area. The methods chosen were simple and low cost. They included good road signage and leaflet displays in all local tourist accommodation such as hotels, B&Bs, and hostels as well as increasing awareness of the Centre among owners and managers of tourist accommodation in the area. Every opportunity to obtain publicity through local, regional and, very occasionally, national media, was taken.

When Ireland hosted the 1993 Eurovision Song Contest, it was decided that each entrant would be introduced with a short clip of the singer or singers in the setting of an Irish tourist attraction. Ionad Cois Locha was one of these selected and the Irish entrant, Niamh Kavanagh visited Dunlewey to record a video clip which was broadcast all around Europe and beyond. She went on to win the contest, forcing the country to host it again the following year. In pre-Celtic Tiger Ireland, this was regarded as an onerous cost on the country although the following year's contest produced Riverdance as an interval performance.

The advisor was also concerned that Ionad Cois Locha's principal attraction, the weaver's cottage and display of weaving, was passive. This would indicate that when visitors had seen it once, they were unlikely to return, at least for some time. Glenveagh Castle and National Park, about 15km east of Dunlewey and more likely to draw in visitors from outside the area because of its scale and beautiful landscape, was similarly passive and already, by the mid-nineties, visitor numbers were falling from an annual peak of 100,000. Glenveagh was funded by the state through the Office of Public Works and could survive such a drop. Ionad Cois Locha, with much smaller numbers and limited resources, could not.

The Centre did manage to cover its costs and generate a small surplus most years. As previously noted, this was frequently achieved through employing some staff on a subsidized community employment scheme. There was never any guarantee that such schemes would continue or that the Co-op, which managed the scheme, would continue to be eligible. In one year, when no community scheme operated, the Centre and the Co-op suffered losses. However the Co-op had a very good reputation for operating such schemes and, in its first 16 years of operation, well over 50 employees had been trained in skills such as guiding, catering, and retailing. During the winter months when the Centre was closed, some staff were retained to work on new projects such as building renovation and extension, and expanding the play area. This development of the play area was a key factor in encouraging visitors, particularly families, to return regularly.

Another feature of the Centre was regular concerts by well known traditional musicians and more informal music sessions which were held each Tuesday evening during the peak season. Again the family focus was maintained, with facilities for children, an early evening start, a prompt end, and no alcohol available. These sessions and concerts were

successful in the main. Their operation was subcontracted out to a local group as Ionad Cois Locha did not have the management resources to handle them. Very little revenue accrued to the Centre.

The venue for these concerts and sessions, the café seating area, was also problematic in other respects. The Centre was normally open from 10.30am to 6pm. When a concert or music session was on in the evening, the furniture had to be rearranged quickly to increase seating. Patrons also entered the area through the closed and unattended craft shop and reception area. As a venue, it held less than 200 patrons, though well known artists were known to enjoy the intimacy of the venue and were often prepared to play for a lower fee as a result. A series of concerts was recorded in one year for showing on the national TV station RTE. Those involved in the operation of the Centre began to develop the concept of opening a dedicated venue adjacent to the existing operation. In 1995 an application was made for funding under a national tourism development plan funded by the Irish Government and European Union structured funds. The first application failed to make the final list of approved projects but architect's plans were drawn up and those involved in the management of the Centre settled down for what would be a long wait.

Catering was also seen as an area of problems and opportunities in making the Centre more active as an attraction. There was a realization that existing management and staff lacked the expertise to develop the facility. Regulations were also becoming much more onerous with the Health and Safety Authority taking a close interest in all catering outlets. A decision was taken to appoint a general manager with catering experience. This was a radical departure for the Co-op as it had never paid management salaries at market rates previously. Michael Gilvarry, who had trained and worked as a hotel manager, was recruited. He was not from the area but settled in well and even developed a good working knowledge of the Irish language. By his own admission he took the position because it was a challenge and the working hours were more acceptable than in hotel management. Michael greatly improved the operation of the kitchen and general catering. He also facilitated the catering of larger groups and functions and made an excellent contribution in other areas of the Centre though Seamus and Michael frequently had, and exchanged, differing views on key areas!

It was never likely that Michael would spend his career in Dunlewey and, after two years, he moved on, training and then practicing successfully as a barrister. He was replaced, again by somebody not from the area, with a catering specialism. This appointment was not as successful and that general manager left after about a year. By then the Irish economy was booming and it proved impossible to recruit a replacement with the right mix of skills. No further appointments were made and the operation continued to be managed by Seamus and Marion although each year, for the season, a key appointment was the chef and head of operations in the kitchen. It was learned early on that a chef/kitchen manager can make or break a business.

Each year new facilities were added, particularly in the play area. A new purpose built boat carrying up to 50 people, costing over €125,000 was constructed and launched in 1995. It replaced the original boat which was smaller and unlikely to meet new marine

regulations. The old boat was brought into the play area as a sweet shop and as an integral part of the play area. The new boat was part funded by the Donegal County Enterprise Board. This reflected Seamus' philosophy of seeking financial help from any available source while being as self sufficient as possible. He did not wish to see the Co-op or the business take on debt. As a direct result the Centre and Co-op were free of debt entering 2007, even though more than €1 million had been spent on capital items.

Turnover at the Centre continued to grow. Gradually the end of year surplus increased, with the odd hiccough along the way. A strategic review entering the new millennium identified a few areas of weakness. It was thought that there were not enough attractions for older children from 10 upwards. So a few attractions were introduced, including a mechanical rodeo bull and a climbing wall. Children were charged for entering the play area which, like the weaver's cottage and interpretive centre, could only be accessed through a manned door in the reception area where tickets could be purchased. Additional tokens were required for some of the more elaborate attractions/rides.

There was also a concentrated effort to draw in more coach touring groups. This initially focused on individual drivers and couriers who appeared, in many instances, to have a level of discretion over where they visited and where, for example, they stopped for lunch. Seamus personally visited many of these drivers/couriers at their hotel base in the area and was successful in persuading many to include Ionad Cois Locha on their itinerary. Some of these were out of season and if there was a booking in advance, the centre opened specially for such groups on the agreed day. The normal season was from mid March to early November with the climax of the year a Halloween fun night with fireworks. This was so successful that a second night was added just before or after the day itself.

In July 2005 the Centre faced a new and unexpected problem. There were so many visitors at the Centre, during a key holiday season for Northern Ireland visitors, that gates had to be closed to prevent more cars and visitors entering the premises. This was solved for the future by expanding the car park and organizing greater dispersal of the visitors at the Centre. The problem did not reoccur in 2006 even though turnover grew by 17% in that year, a record year of growth for the Centre.

Ionad Cois Locha in 2007

It was still not possible to measure accurately the number of visitors to the Centre because there is open access to the reception, café, craft shop, and toilets and car parks. However it is estimated that about 70,000 people visited the Centre in 2006. This is partly based on an average spend of €10 per person. Turnover for the year was €700,000, up from €600,000 in 2005. The audit in 2005 showed a surplus of over €80,000 with a diminishing dependence on community employment schemes. All facilities had been continuously upgraded. Kitchens and storage areas met all required standards and were developed to cater for the dedicated venue that the management had been seeking to fund for more than a decade. The premises by then had a restaurant license for serving alcohol in the café section. This had increased turnover since it was introduced in 2005, although

the change was not dramatic. Revenue was allocated to three areas, reception, shop, and café. Revenue from reception included all admissions and revenue from the boat and play area. Café income included alcohol sales.

	2005	**2006**
Reception	145	192
Shop	226	256
Café	225	252
Total	596	700

(All figures in € Thousands)

An estimated 500 touring coaches visited the Centre in 2006. 23,000 visitors availed of the boat and 10,000 visited the weaver's cottage. In addition to the normal opening season, the Centre opened at weekends until Christmas and was again open for a week after Christmas for the staging of the Frankie Kennedy Winter Music School. Frankie Kennedy was the fiddle player with the well known traditional/folk group Altan, most of whose members hail from the west Donegal area. After his death at a relatively young age, the winter school was set up in his memory. It fills all local hotel and guest house accommodation for a week. The school involves a series of master classes and concerts by groups including Altan. Concerts take place at the Centre and all are booked out well in advance. In total, by 2006, the Centre had six full time employees and employed a further forty at peak periods. Virtually all employees were from the immediate area around Dunlewey.

Dunlewey in 2007

The village of Dunlewey in 2007 was not radically different from its state when Dunlewey Co-op was established some twenty years previously. However, there were several changes, some of which could be attributed to the successful development of Ionad Cois Locha. The population decline had been halted and reversed, although it was an ageing population. Several new houses had been built in the village. The road from Letterkenny to Gweedore which passed through the village had been upgraded. A new, much larger, youth hostel was under construction in the village which now also had a filling station and shop. Several Bed & Breakfast premises had opened and the pub had been extended.

The New Venue at Dunlewey

In 1995 the Co-op had decided to seek funding for a new 400 seat multipurpose venue adjacent to the existing facilities. Since then, a number of attempts to obtain funding had failed though the project had apparently, been close to receiving funding on at least one occasion. In 2002 the Co-op sought funding from the Failte Ireland managed National Development Plan 2000-2006 Tourism Product Development Scheme. This was a competitive scheme which offered funding of up to 50% of approved costs for commercial projects and 75% for community based projects. The total cost of the new venue, which was provisionally named An Culturlann, was estimated at about €1.8m.

Following protracted negotiations, agreement was finally reached in mid 2006 to fund the development of An Culturlann. Under this agreement, the Failte Ireland managed scheme would provide about 55% of the cost with Udaras na Gaeltachta funding 20%. Under EU rules, as applied to an area like Donegal in the Border, Midlands, West region (BMW), 75% was the maximum public funding for a community based project. This proportion would drop significantly from 2007 onwards as Ireland was redesignated as having greater wealth. The remaining 25% would be provided from Co-op retained earnings, a grant of €50,000 from a fund established by ESB following the closure of the local turf burning power station, and a relatively small amount of borrowing from promoters and bank. The project already had been designed and planning permission obtained. The project went out to tender and construction commenced in November 2006. It was scheduled for completion by the end of April 2007 although, as previously noted, poor weather conditions had already set back the project by more than a month.

The new venue was attached to the gable wall of the existing Centre. As the site was sloping, it would be on two levels. The lower level consisted of the entrance, foyer, storage rooms, and toilets. The auditorium was on the upper floor which gave it direct access to the kitchen and café area of the existing building by breaking through the gable wall. This meant that the existing facilities did not have to be replicated though the two buildings would be used separately as stand alone units. The floor space was designed to be fully flexible. A pull out stage could be surrounded on three sides by tiered seating. This seating was to be fully retractable against each wall enabling the space to be used for other events such as dinners or conferences.

Managing and Marketing the New Venue

The promoters recognized that the new venue was a major challenge as well as an opportunity. It would have to at least meet its own running costs. It had been estimated that the breakeven figure for the new venue, when fully operational, would be €350,000. This assumed bought in costs of about 50% of that figure. Such costs included hiring artists and food. Other overheads included wages, insurance, power and maintenance though the building had been designed as a low maintenance structure. A marketing budget of €15,000 had been allocated. The promoters were determined that, as a community group, they would not damage other venues in the area, though there was no similar type of venue west of Letterkenny. They had, for example, ruled out facilitating local weddings as this would affect local hotels. However they had received several requests from couples outside the area to use the Centre, sometimes in association with the much loved nearby church, for weddings. In most cases they had not been able to oblige as a wedding could not be held while the Centre was open. This would change with the new venue. An interesting development in this regard was a new government regulation allowing venues to apply for a licence to conduct the wedding ceremony. Hitherto this function was reserved to churches and state registry offices. The new regulation was expected to take effect in mid 2007. Other events under consideration included special interest weekends, dinners, theatre in the round, and launch events by organizations in the county. It was also hoped to make the venue available to local

groups. However the relatively casual, non revenue earning way that this was done with the existing building would be unlikely to be sustainable for the new, more dedicated, space. Though the location was relatively remote, Letterkenny was only 30 minutes away. The town had seen major growth in hotel accommodation in recent years. Gweedore, less than 10 minutes away to the west, also had a number of hotels. The regional airport was about 10 km away. It had regular services to Dublin and Glasgow Prestwick. Music was clearly likely to be a key component at the venue. There was a strong musical tradition in west Donegal. In addition to Altan, Enya and Clannad had also come from the surrounding area. Daniel O'Donnell, in a completely different music genre, was also a native, and resident, of the area.

Seamus, Marion, and the business advisor reflected that Ionad Cois Locha had come a long way, having set out as a minor tourist attraction which sought to draw in visitors who were already in the area. For the new venue, this was unlikely to be enough. It would have to be sold to new users. The new manager, whoever he or she would be, would have their hands full. Mindful also of Seamus' wish to begin the process of passing the torch on and to take a less active role, they began to draw up a job specification for the venue manager and consider other issues which would affect both the existing and new operations.